

**Errata Sheet**

**CORRECTIONS TO ENGINEER REGULATION 37-1-30**

No. 1

Engineer Regulation

Financial Administration - Accounting and Reporting - Civil Works Activities

37-2-10

1 April 1969

Please change the Table of Contents page for Chapter 15, Chapter 30, Chapter 31, and Chapter 32 to read as follows: Superseded. Please delete all of Chapters 15, 30, 31, and 32.

CERM-F

DEPARTMENT OF THE ARMY  
U.S. Army Corps of Engineers  
Washington, DC 20314-1000

ER 37-1-30  
Change 4

Regulation  
No. 37-1-30

28 February 2007

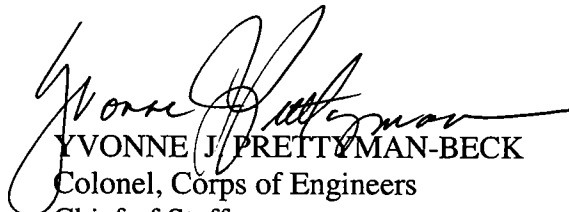
Financial Administration  
ACCOUNTING AND REPORTING

1. This revision to ER 37-1-30, 30 September 2002, changes table of contents page 20-I and adds chapter 20, Revolving Fund Accounting For Departmental Overhead.
2. Substitute the pages as shown below:

Chapter	Remove	Insert
20	20-I	20-i 20-1 to 20-8

3. This change superseded ER 37-2-10, chapter 22, Revolving Fund Accounting for Departmental Overhead.

FOR THE COMMANDER:

  
YVONNE J. PRETTYMAN-BECK  
Colonel, Corps of Engineers  
Chief of Staff

CERM-F

DEPARTMENT OF THE ARMY  
U.S. Army Corps of Engineers  
Washington, DC 20314-1000

ER 37-1-30  
Change 3

Regulation  
No. 37-1-30

26 June 2006

Financial Administration  
ACCOUNTING AND REPORTING

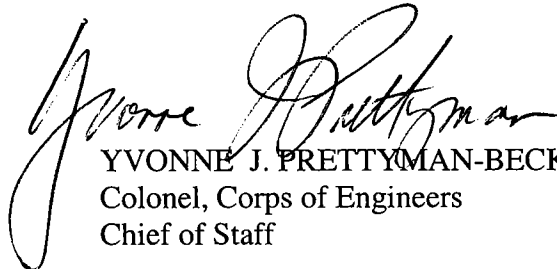
1. This revision to ER 37-1-30, 30 September 2002, changes table of contents page 4-I and adds chapter 4, Accounts Payable.

2. Substitute the pages as shown below:

Chapter	Remove	Insert
4	4-I	4-i 4-1 to 4-8

3. This change superseded ER 37-2-10, chapter 3, Accounts Payable Procedures.

FOR THE COMMANDER:

  
YVONNE J. PRETTYMAN-BECK  
Colonel, Corps of Engineers  
Chief of Staff

CERM-F

DEPARTMENT OF THE ARMY  
U.S. Army Corps of Engineers  
Washington, DC 20314-1000

ER 37-1-30  
Change 2

Regulation  
No. 37-1-30

31 December 2003

Financial Administration  
ACCOUNTING AND REPORTING

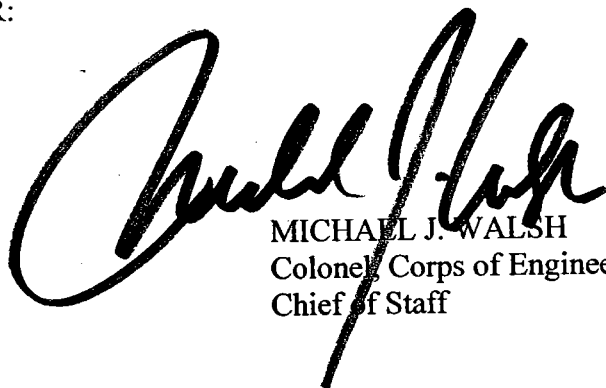
1. This Change 2 to ER 37-1-30, 30 September 2002, changes table of contents pages 13-i and 14-i, and adds chapter 13, Accounting for Civil Works Cost Shared Projects and chapter 14, Accounting Treatment for Multiple-Purpose Projects.

2. Substitute the pages as shown below:

Chapter	Remove	Insert
13	13-i	13-i 13-1 to 13-10 13-A-1, 13-B-1, 13-B-2
14	14-i	14-i 14-1 to 14-5 14-A-1 to 14-A-21 14-B-1 to 14-B-5

3. This change supersedes ER 37-2-10, chapter 30, Accounting for Cost Shared Projects, chapter 31, Accounting Treatment for Multiple Purpose Projects and chapter 32, Financial Reporting for Multiple Purpose Projects including Power.

FOR THE COMMANDER:



MICHAEL J. WALSH  
Colonel, Corps of Engineers  
Chief of Staff

CERM-F

DEPARTMENT OF THE ARMY  
U.S. Army Corps of Engineers  
Washington, DC 20314-1000

ER 37-1-30  
Change 1

Regulation  
No. 37-1-30

28 November 2003

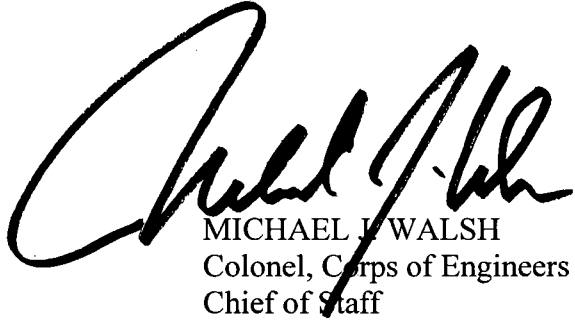
Financial Administration  
ACCOUNTING AND REPORTING

1. This Change 1 to ER 37-1-30, 30 September 2002, adds table of contents pages and chapter 16, Revolving Fund Asset Accounting.
2. The changed information is annotated as follows:

	Pages	Paragraphs
Table of Contents	i-ii	
Chapter		
11	11-i	
12	12-i	
13	13-i	
14	14-i	
15	15-i	
16	16-i, 16-1 to 16-7	1-2
17	17-i	
18	18-i	
19	19-i	
20	20-i	
21	21-i	
22	22-i	
23	23-i	

3. This change supersedes ER 37-2-10, chapter 15, Revolving Fund Asset Accounting.

FOR THE COMMANDER:

A handwritten signature in black ink, appearing to read "Michael J. Walsh", is written over the printed name and title. The signature is fluid and cursive, with the first name "Michael" being the most prominent part of the script.

MICHAEL J. WALSH  
Colonel, Corps of Engineers  
Chief of Staff

CERM-F

DEPARTMENT OF THE ARMY  
U.S. Army Corps of Engineers  
Washington, DC 20314-1000

ER 37-1-30  
Change 1

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Financial Administration  
ACCOUNTING AND REPORTING

Table of Contents

<u>Chapter</u>	<u>Title</u>
1	Accounting Principles
2	Revolving Fund Concepts
3	Fund Accounting and Control Procedures
4	Accounts Payable Procedures
5	Accounts Receivable and Collection Procedures
6	Labor Costs and Labor Cost Corrections
7	Project Cost (Subsidiary Ledger) Accounts
8	Pay and Allowances of Military Personnel
9	Civilian Payroll and Leave Accounting
10	Washington Aqueduct
11	Budgetary and Financial Reports on General, Special and Trust Fund Activities
12	Disbursement and Collection Reports
13	Accounting For Cost Shared Projects
14	Financial Reporting and Accounting Treatment for Multiple Purpose Projects
15	General Asset Accounting

- 16     Revolving Fund Asset Accounting
- 17     Revolving Fund Accounting for Warehousing Activities
- 18     Revolving Fund Accounting for Shop and Facility Services
- 19     Other Revolving Fund Current and Accrued Assets and Liabilities and  
        Proprietary Accounts
- 20     Revolving Fund Accounting for Departmental Overhead
- 21     Revolving Fund Accounting for General and Administrative Overhead
- 22     Revolving Fund Accounting for Military Construction Supervision and  
        Administration
- 23     Revolving Fund Reports



CERM-F

Department of the Army  
U.S. Army Corps of Engineers  
Washington, DC 20314-1000

ER 37-1-30

Regulation  
No. 37-1-30

30 September 2002

FINANCIAL ADMINISTRATION  
Accounting and Reporting

Major Subordinate Commands are hereby granted the necessary authority to supplement this regulation with further detailed policy that adds additional control measures.

1. Purpose. This regulation establishes the framework for financial management within the Corps of Engineers. It combines all Civil Works, Military and Revolving Fund policies.

2. Applicability. This regulation is applicable to all Divisions, District Offices, Laboratories and USACE Centers engaged in Civil Works, Military and Revolving Fund activities.

3. Distribution. Approved for public release, distribution is unlimited.

4. References. References are provided in each chapter and those references are specific to each chapter.

5. Policy. This regulation sets forth the principles, policies and procedures to comply with standards issued by the Federal Accounting Standards Advisory Board (FASAB), Generally Accepted Accounting Principles (GAAP), Department of Defense Financial Management Regulation (DODFMR), the Defense Finance and Accounting Regulation (DFAS-IN 37-1), the Chief Financial Officers Act of 1990, and Title 18, Conservation of Power and Water Resources.

6. Background.

a. This regulation has been organized such that the numbered sections of each chapter begin with a general and a policy statement of USACE policy. Subsequent to the policy statement, clarifying language and appropriate examples supplement the policy to provide further guidance and enhance understanding.

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This regulation supersedes ER 37-2-10, chapters 1,2,7,10,11 and 12

b. All finance and accounting policies, whether issued on a formal or informal basis, are null, void and superseded by the policies prescribed within this regulation unless re-issued in writing by CERM-F on a date subsequent to the effective date of this regulation.

FOR THE COMMANDER:

A handwritten signature in black ink, appearing to read "Joseph Schroedel", is written over the printed name.

JOSEPH SCHROEDEL  
Colonel, Corps of Engineers  
Chief of Staff

Chapter 1

ACCOUNTING PRINCIPLES

<u>TOPIC</u>	<u>PARA</u>	<u>PAGE</u>
General	1-1	1-1
Background	1-2	1-2
The Accounting Organization and Functions	1-3	1-2
Statutory Requirements and Higher Authorities	1-4	1-5
Corps Financial Management	1-5	1-14
Internal Control	1-6	1-17
Revisions	1-7	1-19

## CHAPTER 1

### ACCOUNTING PRINCIPLES

#### 1-1. General.

a. Purpose. This chapter sets forth the principles and standards governing the design and operation of the financial/cost accounting and reporting systems for U.S. Army Corps of Engineers (USACE). It is applicable to all Corps of Engineer offices engaged in Civil Works, Revolving Fund and/or Military funded activities. The statements of policy, principles and standards include the objectives and characteristics of the system that are essential to effective financial management; outline the functions of the various phases of the accounting and reporting processes to meet those requirements; and furnish guidelines for the performance of those functions. The principles and standards provide a basis for interpretation and development of the financial accounting system as required. The accounting system complies with the Budget and Accounting Procedures Act of 1950, as amended (31 USC 3511), the Accounting Principles and Standards for Federal Agencies prescribed by the Federal Accounting Standards Advisory Board, and where applicable, the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) pursuant to the provisions of the Federal Power Act (16 USC 825b).

b. Requirements of the Accounting System. The Corps of Engineers Civil, Revolving Fund and Military activities financial management accounting system has been designed to meet both statutory and internal management requirements. The Budget and Accounting Procedures Act of 1950 requires the maintenance of an integrated accounting system that meets the requirements of Congress, the General Accounting Office, the U.S. Treasury Department, the Office of Management and Budget (OMB), and Office, Secretary of Defense (OSD). Also, since the Corps is a producer of electric power, it is required to record financial data in a manner that meets the needs of the Federal Energy Regulatory Commission so far as may be practicable, in accordance with applicable statutes. This system has also been designed to facilitate the Corps managerial accounting function. Moreover, the DOD Financial Management Regulation, Volume 1, chapter 3 also addresses the requirements of an adequate accounting system.

c. Project Delivery Team Concept. Once a project is authorized for USACE, a Project Delivery Team will be formed consisting of employees from technical elements as well as support elements. As key members of the Project Delivery Team,

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managerial accountants, budget analysts, program analysts, and other resource management personnel will provide financial advice/opinions concerning interpretation of financial information and the function of the Corps' financial management system. Specific duties include ensure the integrity of data in the official accounting system; the analysis and verification of commitments, obligations, expense income and customer order data; research and reconciliation of data between general ledgers, subsidiary ledgers and accounting reports; and reviews and validations of financial information/data required by law. HQUSACE CERM-F is responsible for providing managerial accounting training to Divisions, Districts, Centers and Laboratory accountants.

d. Accounting Periods. The accounting period for recording actual accounting transactions and accruals is the calendar month. The fiscal year cycle for reporting purposes is from 1 October through 30 September as established by law.

1-2. Background. The organization, objectives, and functions of the Corps of Engineers are contained in the following publications:

a. ER 10-1-1, Organization and Functions - Mission and Command Organization of the Chief of Engineers.

b. ER 10-1-2, Organization and Functions - Division and District offices.

1-3. The Accounting Organization and Functions.

a. Policy.

(1) All officers and civilians of the Corps who order services or materials, or who supervise operations will ensure that the United States receives value commensurate with amounts expended.

(2) Oversight of the Corps accounting system is the responsibility of the USACE Finance and Accounting Officer. Major Subordinate Commands and District Finance and Accounting Officers are responsible for finance and accounting at their level.

(3) All financial transactions involving Corps funds will be recorded in the Corps financial management system.

(4) USACE financial information is owned by HQUSACE and the Director, Resource Management, is the proponent.

b. Director of Resource Management. USACE's Director of Resource Management and Finance and Accounting Officer are responsible for managing the total internal accounting function of the Corps of Engineers. These responsibilities include the awareness of statutory requirements (para 1-4); the requirements of other higher authorities; and liaison and coordination with General Accounting Office (GAO), OMB, Treasury Department, and the Office, Secretary of Defense (OSD).

c. Finance and Accounting Policy Division. The Corps of Engineers' Finance and Accounting Officer directs and coordinates the finance and accounting activities conducted within USACE and serves as chief of the Finance and Accounting Policy Division. As such this position:

(1) Exercises staff supervision over the financial and cost accounting functions and upward reporting, and holds decision-making authority for key/significant F&A issues. Upward reports will flow through CERM-F prior to release outside of the Corps of Engineers.

(2) Recommends the establishment of finance and accounting policies by the Director of Resource Management or the Chief of Engineers.

(3) Monitors and provides staff supervision over finance, cost and budgetary accounting and upward reporting in the Corps. Oversees compilation of consolidated Corps financial statements and reports reflecting the status of finance and budgetary accounts. Approves final reports and financial statements prior to release outside the Corps.

(4) Monitors property acquisition and disposal functions.

(5) Processes general claims requiring adjudication which involve fiscal records or procedures.

(6) Overseeing career program development for Corps accountants and accounting technicians, to include proponency for: (a) Corps Accountant Career Guide; (b) Advanced Managerial Accounting Symposium for managerial accountants; and (c) "Nuts and Bolts" of Accounting seminars.

(7) Responsible for the oversight of future Corps financial system(s). This responsibility also includes conceptual development of business intelligence solutions for decision support.

d. Director, USACE Finance Center. The Director of the Finance Center serves as the head of the USACE Finance Center (UFC), a field operating activity of the USACE under the staff direction of the Director of Resource Management. As Director of the UFC, leads, directs, supervises, and manages the execution of the operational finance and accounting day-to-day support for USACE. Develops and maintains capability to mobilize F&A support services in response to national security and domestic emergencies, and to support other Federal initiatives as required. As Chief operational Finance and Accounting Program Manager, incumbent is responsible for analyzing, reconciling, recording and reporting the details of the USACE military, civil and revolving fund activities; continuing review, analysis, development, maintenance and deployment of cost effective accounting processes and systems within the USACE.

e. Director, Resource Management, Major Subordinate Commands (MSC). The Director, Resource Management, MSC, is the primary advisor to the Division Commander and MSC operating officials on all financial and resource issues. The Director working with and through the MSC Finance and Accounting Officer is responsible for overseeing all financial management and managerial accounting activities of the division. The MSC Director of Resource Management and Finance and Accounting Officer also provide staff guidance and assistance to USACE Districts on finance and accounting matters.

f. Resource Management Officer (RMO), District Office. The District RMO is the primary financial advisor for the District Commander and Staff. Working with and through the District Finance and Accounting Officer, the RM directs and coordinates all managerial accounting functions within the District.

g. Finance and Accounting Officer/Staff Accountant (MSC). The Division Finance and Accounting Officer/Staff Accountant is the principal staff assistant to the Director of Resource Management on all finance and accounting records. This individual is the senior accountant for the division and is responsible for the interpretation and dissemination of accounting policies, procedures and regulations for the division office and subordinate districts. The Division F&AO/Staff Accountant is also responsible for maintaining the official accounting records and reports for the division headquarters, providing the MSC Commander with analysis and advice regarding financial reports, and oversees the managerial accounting functions of the Division. The Division F&A Officer is also the principal staff assistant on accounting matters to the Regional Business Center. In addition, the Division F&AO is responsible

for the formulation, interpretation and dissemination of accounting policies for the division office, subordinate districts, and the Regional Business Center.

h. Finance and Accounting Officer, District.

The District Finance and Accounting Officer is the senior accountant for the district and is responsible for maintaining, reconciling, analyzing and interpreting the official finance and accounting records for the district and oversees the managerial accounting functions. As such, the F&AO is responsible for reviewing and analyzing accounts, account balances, trends and conditions to provide the District Commander and operating officials with accurate and timely financial information. The F&AO also interprets accounting regulations and gives financial advice and recommendations based on law, regulations, and professional knowledge of generally accepted accounting practices.

i. Managerial Accountant. USACE managerial accounting functions are assigned to the Divisions, Districts, Centers, Field Operating Activities and Laboratories. Field level managerial accountant's primary functions are to perform analysis and validation of commitments, obligations and expenditures (cost) of all types of funds. Additionally, they actively participate in supporting the Project Delivery Team efforts. This involves the review and analysis of budgetary rates, operating budget and execution, program management, solvency of the Revolving Fund, internal controls, cost of doing business and reconciliation and interpretation of local/upward financial statements as required by the Chief Financial Officers Act and amendments.

1-4. Statutory Requirements and Higher Authorities. Corps activities will comply with all appropriate legislative and statutory requirements. This paragraph provides references to the principal statutes that have an impact on the Corps accounting and reporting system. Synopses are included for some of those statutes.

a. Policy.

(1) Establishment and Maintenance of Accounting System and Financial Reporting. The Budget and Accounting Procedures Act of 1950, as amended (31 USC 3511), provides the Congressional policy on the purpose and need for adequate accounting systems and financial reporting in the Federal departments and agencies. This Act places the responsibility upon the head of each executive agency to establish and maintain adequate systems of accounting and mutual control in conformance with principles, standards, and



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related requirements prescribed by the Federal Accounting Standards Advisory Board (FASAB).

(2) General military accounting policy and procedures are provided in the Department of Defense Financial Management Regulation (DODFMR) and DFAS-IN Regulation 37-1, chapters 1, 2, and 6. This chapter is not intended to replace or duplicate the policy contained in DODFMR or DFAS-IN 37-1, rather, it provides additional supplemental guidance which is unique to the Corps business practices and not found in either of the DOD/Army regulations.

(3) The standards on accrual accounting contained in GAO Title II are prescribed by 31 U.S.C 3512(e) and allow obligation accounting where required for budgetary purposes. That law states that the head of each executive agency shall cause the accounts of that agency to be maintained on an accrual accounting basis. Thus, the accrual basis is the prescribed basis of accounting to be used by federal agencies. Accrual accounting is also the preferred method of accounting of the American Institute of Certified Public Accountants, the Securities and Exchange Commission, the Internal Revenue Service, and the Federal Accounting Standards Advisory Board. The US Army Corps of Engineers (USACE) has adopted this method as the basis for accounting for all appropriations (Civil Works, Military, and Revolving Fund).

(4) Cost-based Budgets. Section 216 of the Budget and Accounting Act of 1921, as amended (31 USC 1108) was further amended by PL 84-863, to require development and use of cost-based budgets. The term cost-based budgets is interpreted to mean a budget based upon functions, activities, and projects adequately supported by information on program costs and accomplishment, and by a review of performance by organizational units where these do not coincide with performance budget classifications. The statute requires that "(a) The requests of the Departments and establishments for appropriations shall, in such manner and at such times as may be determined by the President, be developed from cost-based budgets, and (b) for the purposes of administration and operations, such cost-based budgets shall be used by all Departments and establishments and their subordinate units. Administrative subdivisions of appropriations or funds shall be made on the basis of such cost-based budgets."

(5) Anti-Deficiency Act - Title 31, United States Code, sections 1341 and 1517 provide that obligations shall not exceed amounts appropriated or apportioned, or amounts allotted for administrative control. Public Law 84-863 amended the

Anti-Deficiency Act by adding the following: "In order to have a simplified system for the subdivision of appropriations of funds, each agency shall work toward the objective of financing each operating unit, at the highest practical level, from not more than one administrative subdivision for each appropriation or fund affecting such unit."

(6) Documentary Evidence of Obligations. Section 1311, Supplemental Appropriation Act of 1955 (31 USC 1501) sets forth the criteria that govern the reporting of financial transactions as obligations.

(7) Objects for which Appropriations Made - Section 3678, Revised Statutes (31 USC 1301). This section states that except as otherwise provided by law, sums appropriated shall be applied solely to the objects for which they are respectively made. The objective of this statute is to assure that the agencies carry out the programs in accordance with the purposes and intent of the Congress.

(8) Liquidation of Obligated Balances of Expired Appropriations. Public Law 84-798, as amended (31 USC 1551-1557); provides for the system of payment of obligated balances of expired appropriations, and for the withdrawal and restriction of unobligated balances.

(9) Inventory Controls. The Federal Property and Administrative Services Act of 1949 (40 USC 483) requires agencies to maintain adequate inventory controls and accountability systems for property under their control.

(10) Federal Claims Collection Act of 1966. This Act, PL 89-508 (31 USC 3701-3711) authorizes an agency to settle claims for amounts owed to the Government by reason of the activities of such agency.

(11) Employment and Travel Expenses of Consultants and Experts. The Administrative Expenses Act of 1946, as amended, includes provisions relating to the employment of consultants and experts, and to the payment of the travel expenses (5 USC 3109).

(12) Revolving Fund. The Civil Functions Appropriation Act of 1954, PL 83-153, 1st Session, approved 27 July 1953, established the Civil Works Revolving Fund. The fund is available without fiscal year limitation, for expenses necessary for the maintenance and operation of the plant and equipment of the Corps of Engineers used in civil works functions. The fund shall be credited with reimbursements or advances for the cost of equipment, facilities, and services furnished, at rates which

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shall include charges for overhead and related expenses, depreciation of plant and equipment, and accrued leave (See Chapter 19).

(13) Advance Payments.

(a) 31 USC 3324 provides that no advance of public money will be made except as provided by law.

(b) Advance payments are authorized for:

- Tuition (10 USC 2396).
- Authorized subscriptions to newspapers, magazines, or other publications.
- Flood control work, payments to cooperating public agencies for services (33 USC 701b-2). However, guidance in connection with current Treasury Department requirements should be requested from HQUSACE, CERM-F, Washington, DC 20314, prior to making such advances.
- Post office Box rental is authorized on an annual basis (25 Comp Gen 834 (1946)).
- Membership in professional societies or associations acquired in the name of the DoD component may be paid in advance. The purpose of the membership must be to acquire services for that component, not an individual.

(14) Receipt Disbursement, and Application of Funds.

(a) Authority of the Comptroller General. The Budget and Accounting Act, 1921 (42 Stat. 20; 31 USC ss 711-720) vested in the Comptroller General of the United States the authority to decide any questions involving a payment to be made by any agency and to investigate all matters relating to the receipt, disbursement, and application of public funds, and to make regular and special reports. It also made final and conclusive on the Executive Branch the decision of the Comptroller General and the balances certified by GAO in the settlement of public accounts. A disallowance by GAO may be only removed by the Comptroller General.

(b) Requests for Decision and Review by the Comptroller General. Section 8 of the Act of 31 July 1894 (Stat 208; 31 USC 3529; and ML 1949, Section 1653) provides that disbursing officers or the head of any executive department may apply for and the Comptroller General will render his decision upon any

question involving a payment to be made by them or under them, which decision, when rendered will govern GAO in passing upon the account containing said disbursement. Also, Section 8 of the Act of 31 July 1894 (28 Stat 207; 31 USC 3526; ML 1949, Section 1656); and Section 304 of the Act of 10 June 1921 (42 Stat 24; 31 USC 3526; ML 1949, Section 1646) provide that any person whose accounts may have been settled by GAO, or the head of the department, may request a review of the said account by the Comptroller General, whose decision upon such review will be final and conclusive upon the Executive Branch of the Government.

(c) Indebtedness. The Department shall collect indebtedness due the United States promptly in accordance with the Debt Collection Improvement Act of 1966, section 31001 of P.L. 104-134, the Debt Collection Act of 1982, P.L. 365, as amended, the Federal Claims Collection Standards, 4 C.F.R. Parts 101-105, 5 C.F.R. Parts 179 and 550 (Subpart K) and Department of Defense Financial Management Regulation, Volume 8, Chapter 8.

(d) Final Judgment Recovered Against the United States. The Acts of 3 March 1875 and 3 March 1933 (31 USC 3728) provide that when any final judgment recovered against the United States duly allowed by legal authority shall be presented to the Comptroller General for payment, and the plaintiff therein shall be indebted to the United States in any manner, whether as principal or surety, payment will be withheld of an amount of such judgment or claim equal to the debt thus due to the United States. If the plaintiff denies his indebtedness to the United States, or refuses to consent to the set-off, payment will be withheld of such further amount of such judgment, as will be sufficient to cover all legal charges and costs in prosecuting the debt of the United States to final judgment. If such debt is not already in suit, legal proceedings will be immediately commenced to enforce the same, and will be prosecuted to final judgment. If in such action judgment is rendered against the United States, or the amount recovered for debt and costs is less than the amount so withheld, as before provided, the balance will then be paid over to such plaintiff with interest thereon for the time it had been withheld from the plaintiff.

(15) Adjustment or Reimbursement between Appropriations. Public Law 89-473 (31 USC 1534) authorizes the charging of any appropriation available to an agency for the benefit of any other appropriation of the same agency for the procurement of materials and services, for which funds are available in both appropriations, with the provision that appropriate adjustment or reimbursement be made between the financing and benefiting appropriations during or as of the close of each fiscal year.

(16) Disposition of Receipts - General Authorities.

(a) The Act of 9 July 1918 provides that all moneys arising from disposition of material supplied to the Army by the Corps of Engineers will remain available for the purpose of the appropriation from which such materials were authorized to be supplied at the time of the disposition.

(b) Sales of Old Material, Condemned Stores, etc.  
40 USC 485a provides that from the proceeds of sales of old material, condemned stores, supplies or other public property of any kind, before being deposited into the Treasury, either as general fund receipts or to the credit of the appropriations to which such proceeds are by law authorized to be made, there may be paid the expenses of such sales, so as to require only the net proceeds of such sales to be deposited into the Treasury, either as General Fund receipts or to the credit of such appropriations, as the case may be. (Where proceeds are for deposit to the credit of an appropriation available for payment of the expenses of the sale, there is no advantage or benefit to be derived by paying the expenses from the proceeds and depositing the net amount. In such cases, the gross amount of the sale should be deposited and the expenses paid in the usual manner.)

(17) Authority to Disburse. The Chief of Engineers is charged with the disbursement of funds appropriated for Civil Works and Military funds by a recurrent appropriation act provision, which, for the fiscal year concerned, constitutes a congressional directive to that end.

(18) Deputy Disbursing Officer. The Act of 31 July 1953 (67 Stat 296; 10 USC 2773) provides that in the event of the death, incapacity, or separation from office of a disbursing officer, the accounts of such disbursing officer may be continued and payments made in his name by his deputy disbursing officer for a period of time not to extend beyond the last day of the second month following the month in which such death, incapacity or separation shall occur. The deputy will be legally liable and responsible for all payments and official acts during such period until a new disbursing officer is appointed. If there is more than one deputy, the Director, USACE Finance Center will designate a deputy to disburse as principal in the name of the disbursing officer. Such accounts and payments shall be allowed, audited and settled in the manner prescribed by law; and the checks signed in the name of the former disbursing officer shall be honored by the Treasurer of the United States, in the same manner as if the former disbursing officer had continued in office.

(19) Payments in Excess of Appropriations Prohibited. The Act of 30 June 1906 (31 USC 1301) provides that no Act of Congress will be construed to make appropriations from the Treasury of the United States or to authorize the payment of money in excess of appropriations made by law, unless such Act does in specific terms so declare.

(20) Sale or Other Disposition of Funds. 31 USC 3341 provides that "A disbursing official of the United States Government may sell a Government warrant, check, draft, or obligation not the property of the official at a premium, or dispose of the proceeds of the warrant, check, draft, or obligation, only if the official deposits the premium and the proceeds in the Treasury or with a depository for the credit of the Government." A disbursing official violating this shall be dismissed immediately.

(21) Responsibility for Rendering Money Accounts. The Act of 25 June 1948 (62 Stat 683; 18 USC 643) as amended 11 October 1966, P.L. 104-294 provides that "Whoever being an officer, employee or agent of the United States or of any department or agency thereof, having received public money which he is not authorized to retain a s salary, pay, or emolument, fails to render his accounts for the same as provided by law is guilty of embezzlement, and shall be fined under this title or in a sum equal to the amount of the money embezzled, whichever is greater, or imprisoned not more than ten years, or both; but if the amount embezzled does not exceed \$1,000, he shall be fined under this title or imprisoned not more than one year, or both."

(22) Chief Financial Officers Act of 1990, P.L. 101-576. This act was intended to bring more effective general and financial management practices to the Federal Government. It provides for improvement, in each agency of the Federal Government, of systems of accounting, financial management, and internal controls to assure the issuance of reliable financial information and to deter fraud, waste, and abuse of government resources. The act also provides for the production of complete, reliable, timely, and consistent financial information for use by the executive branch of the Government and the Congress in the financing, management, and evaluation of Federal programs.

(23) Government Performance and Results Act of 1993 (GPRA). GPRA was intended to improve the confidence of the American people in the capability of the Federal Government by systematically holding Federal agencies accountable for achieving program results. The act initiated program performance reform with a series of pilot projects in setting program goals, measuring program performance against those goals, and reporting

publicly on their progress. The act also improved Federal program effectiveness and public accountability by promoting a new focus on results, service quality, and customer satisfaction. It helped Federal managers improve service delivery, by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality. This Act was intended to improve internal management of the Federal Government.

(24) Government Management Reform Act of 1994, P.L. 103-356. Title IV, Financial Management. The act was designed to improve the efficiency of Executive Branch performance in implementing statutory requirements for financial management reporting to the Congress and its committees.

(25) Federal Financial Management Improvement Act, FFMIA of 1996, P.L. 104-208. The purpose of this act is to provide for consistency of accounting by an agency from one fiscal year to the next and uniform accounting standards throughout the Federal Government. It requires Federal financial management systems to support full disclosure of Federal financial data, including the full costs of Federal programs and activities, to the citizens, the Congress, the President, and agency management. The act was intended to increase the accountability and credibility of federal financial management; improve performance, productivity and efficiency of Federal Government financial management; establish financial management systems to support controlling the costs of the Federal Government; and increase the capability of agencies to monitor execution of the budget by more readily permitting reports that compare spending of resources to results of activities. The Corps of Engineers shall implement and maintain financial management systems that comply substantially with Federal financial management systems requirements, applicable Federal accounting standards, and the United States Government Standard General Ledger at the transaction level.

(26) Related Statutes. Following is a list of other statutes bearing on the Corps of Engineers accounting system for which synopses are not included:

- (a) 10 U.S.C. 3036(d), The Chief's Economy Act.
- (b) 31 U.S.C. 6505, Intergovernmental Cooperation Act.
- (c) PL 88-767; 74 Stat 906, Federal Employees Compensation Act.
- (d) PL 91-606, Disaster Relief Act of 1970.

- (e) Miller Act, 24 August 1935, 49 Stat 794.
- (f) Act of 3 March 1875, 18 Stat 481, Debts Due United States.
- (g) Act of 3 March 1933, 47 Stat 1516, Buy American Act.
- (h) Section 305 of the Budget and Accounting Act of 10 June 1921, 42 Stat 24.
- (i) 31 USC 3727, Assignment of Claims.
- (j) PL 85-480, approved 2 July 1918 to authorize the Chief of Engineers to publish information, pamphlets, maps, brochures and other material.
- (k) Davis-Bacon Act or the Work Hours Act of 1962, PL 87-581.
- (l) Flood Control Act of 28 June 1938, as amended.
- (m) PL 90-616; 82 Stat 1212, Federal Employees, U.S. Claims for overpayment.
- (n) Section 601 of the Economy Act, 31 USC 1535.
- (o) Section 14, River and Harbor Act, 3 March 1899, 30 Stat 1152, 33 USC 480.
- (p) Section 205 of 1948 Flood Control Act, as amended by PL 84-685.
- (q) Section 107, 1960 River and Harbor Act.
- (r) Section 2, 1937 Flood Control Act, as amended by Section 208 of 1954 Flood Control Act.
- (s) Section 14, 1946, Flood Control Act.
- (t) PL 88-578, Land and Water Conservation Fund Act.
- (u) Water Supply Act of 1958.
- (v) 55 Stat 375, 31 USC 3325, Act approved 29 December 1941.
- (w) 31 USC 3526, Settlement of Accounts.
- (x) RS 3646, as amended 31 USC 3331, Substitute checks.



- (y) Section 1, PL 84-365, approved 11 August 1955.
- (z) PL 83-566, Watershed Protection and Flood Prevention Act.
- (aa) PL 84-984, Small Reclamation Project Act of 1956.
- (bb) PL 89-298, Section 214, Public Works Project, Construction and Repair.
- (cc) PL 78-534, Flood Control Act, Section 4.
- (dd) PL 78-534, Flood Control Act, Section 7.
- (ee) PL 90-542, Wild and Scenic Rivers Act.
- (ff) PL 93-288, Disaster Relief Act of 1974.
- (gg) PL 84-99, Flood Emergency Work, appropriation authority.
- (hh) P.L. 104-106, Information Technology Management Act.

1-5. Corps Financial Management. The Corps will establish and maintain a system of financial management that ensures prudent utilization of funds, a system of cost accounting that complies with Generally Accepted Accounting Principles (GAAP), Federal Accounting Standards Advisory Board (FASAB) statements, and Department of Defense financial regulations.

a. Objectives of the Corps automated financial management system. Corps activities involve a wide range of functions and present diverse financial management requirements. Following are objectives and characteristics of the overall automated financial system.

(1) To provide for an efficient accumulation, recording and reporting of all financial transactions.

(2) To comply with the Federal Accounting Standards Advisory Board statements and Generally Accepted Accounting Principles and related requirements.

(3) To provide effective control over and accountability for all funds, property, and other assets for which the Corps is responsible and appropriate internal controls to prevent errors and fraud.

(4) To comply with the basic functions and internal controls described in DFAS-IN 37-1. The internal control review must be completed in accordance with the USACE management control plan and will be verified during HQUSACE Command Inspections.

(5) To ensure data integrity that produces reliable results that serve as the basis for the annual CFO audit preparation and support of Corps budget requests, control and execution of budgets, and for providing financial data required by OSD, OMB, GAO, the Congress, and the public.

(6) To integrate accounting and reporting that achieves the requirements of the Treasury Department.

(7) To provide for the separation of duties for financial transactions and proper assignment of authority and responsibility.

b. Characteristics of the accounting system as implemented in the Corps' automated financial management system.

(1) Accounts are maintained on an accrual basis of accounting (Ch. 4).

(2) The system is aligned with the basic principle of delegation of authority and responsibility. The responsibility for preparing source documents is assigned to the same organizational element as that which has delegated authority to obligate funds, administer activities, and enter transactions into the system.

(3) The Corps has one authorized system of Accounting. It is the system of original entry and financial record. Accounts are maintained in the Corps automated financial management system, or as otherwise authorized by this regulation. The ability to generate reports is made available to the individuals responsible for the programs within the financial system.

(4) Accounts are kept on the double-entry basis. The United States Standard General Ledger is maintained as the system of general and subsidiary ledgers within the Corps financial management system. All financial transactions are recorded in detail and/or summary, as appropriate within USACE.

(5) The accounting system is designed to prevent the over-obligation of funds, which would lead to potential violations of the Anti-Deficiency Act.

(6) Cost accounts for the power production function of

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multiple purpose projects are maintained in a manner to be readily convertible to accounts required for reporting to the Power Marketing Agencies.

(7) Provides for the needs of Corps management, and is structured to meet the upward reporting requirements of OSD, OMB, Treasury Department, and the Congress. The system also supports the requirements of the Planning, Programming, Budgeting System (PPBS).

(8) Distinguishes between capital and revenue expenditures, charging the latter to current operations and the former to asset accounts. Both types of expenditures reduce the balance of available funds. Under this procedure, expenditures made for capital assets that are used in connection with the activities of the Revolving Fund or in connection with project revenue producing activities are eventually included in project operating costs in the form of depreciation.

c. Common Classifications. Common classifications are initiated at the planning stage of the management cycle with an objective of providing consistent financial data for long-range programs. They provide a capability for annual budget presentation for review and decision by the Chief of Engineers and the Assistant Secretary of the Army for Civil Works; and for the use of the operating managers. Common classifications associated with costs and related units of output permit the evaluation of performance against plans at all levels of management, and assist in the formulation and execution of budgets. Common classifications are designed to enhance the safeguarding of funds, property, and other resources for which a primary operating unit is responsible.

d. Financial Management Controls. The Corps financial management system is based upon a series of internal and external control mechanisms. Control mechanisms include automated financial system and programmatic controls that are supplemented with prudent judgement from management. Some examples of financial controls are funds control, management reviews, internal reviews, and external reviews.

e. Standard Forms. The Corps financial management system is integrated with multiple tables containing government standard forms required for generating financial information as listed below. Forms not provided in the financial management system must be published in DoD 7750. 7-L, AR 25-30 or at <http://www.usace.army.mil/inet/usace-docs/forms/ep253-1.htm> .

f. Document Transmittal. Document transmittals will

accompany hard copy documentation submitted for payment processing to USACE Finance Center.

g. Charts of General Ledger Accounts.

(1) The general ledger is designed so that any and all types of appropriations and funds are accounted for and separate trial balances are taken for each appropriation. The account structure represents an integrated system of budgetary and proprietary accounts. Subsidiary ledgers are maintained and reconciled to general ledger accounts. By use of data recorded in the general ledger accounts and supporting records, the requirements for regular reports prescribed by OSD, OMB, Treasury, and the Federal Energy Regulatory Commission are readily met.

(2) United States Government Standard General Ledger. The following site contains a listing of the US Government Standard General Ledger accounts and definitions:

<http://www.fms.treas.gov/ussgl/index.html>

(3) The General Ledger may be found in the Corps financial management system (GLCNVML).

1-6. Internal Control.

a. Policy. The Corps will maintain adequate systems of internal controls that achieve the intent of management, safeguard government assets, and prevent fraud, waste and abuse.

b. Corps systems of internal control will:

(1) Ensure proper authorization of transactions and activities and provide appropriate segregation of duties. An example is to assign different people the responsibility of authorizing transactions, recording transactions, and maintaining custody of assets.

(2) Restrict obligations and costs to a minimum, consistent with efficiently and effectively carrying out the purposes for which the agency exists, within the limits of congressional appropriations and other authorizations and restrictions.

(3) Provide adequate safeguards from access to and use of assets to prevent waste, loss, or improper or unwarranted use.

(4) Assure that all revenues applicable to agency assets or operations are collected and properly accounted for.

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(5) Assure the accuracy and reliability of financial, statistical, and other reports (both financial and non-financial).

c. Internal Control Objectives. The objectives of internal control in the Corps are achieved by:

(1) Carefully planning the organizational structure that provides for the proper assignment of responsibility among organizational units and between individuals so as to establish the necessary delegation of authority and definition of duties.

(2) Segregating responsibility for duties and functions between the authorization of the transaction, performance, recordkeeping, custody of resources, and review. This provides internal checks on performance and minimizes opportunities for carrying out unauthorized or fraudulent or other irregular acts.

(3) Advance planning designed to determine and justify requirements for financial, property, and personnel resources and to carry out operations efficiently and economically.

(4) Establishing procedures that provide for the safeguarding of funds, property and other resources and prevent misuse, unwarranted waste or deterioration, destruction, or misappropriation.

(5) Proper execution of procedures prescribed by management after careful consideration of the objective to be accomplished.

(6) Assigning responsibility and ensuring that each employee is held accountable for their actions. Additionally, fostering a proper awareness on the part of each employee of the importance of faithful, honest, and efficient performance of individually assigned responsibilities.

(7) Making provision for monitoring the effectiveness of prescribed procedures by those responsible for protecting the Government's interests, and review and examination by independent internal review reporting through the Department of the Army.

d. Segregation of Duties. Responsibility for assigned duties and functions will be segregated between the authorization of the transaction, performance, recordkeeping, custody of resources, and review to provide a system of checks and balances on performance and minimize unauthorized or improper acts. Particular emphasis will be accorded the following:

(1) Employees collecting revenues will not maintain or be in a position to adjust the related accounting records.

(2) Employees responsible for the maintenance of accounting records do not have authority to make entries to write off accounts receivable, property, or other assets unless so directed in writing by those holding such authority.

(3) Employees responsible for purchasing property will not keep related financial records or have sole authority to approve the transfers, sale, or other disposition of property.

(4) Employees responsible for custody or accountability of property will not be relied upon exclusively to take physical inventories.

(5) Employees responsible for purchases will not receive invoices directly from vendors, or the accounting copy of receiving reports directly from consignees. The only exception to this policy is the credit card holders.

1-7. Revisions. The Finance and Accounting Policy Division, Directorate of Resource Management, is responsible for maintaining this regulation. Revisions may become necessary because of changed, unusual, or special conditions. Proposed changes will be submitted for consideration to HQUSACE, ATTN: CERM-F, 441 G. Street N.W., Washington, DC 20314-1000.

Chapter 2

REVOLVING FUND CONCEPTS

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Chapter 3

FUND ACCOUNTING AND CONTROL PROCEDURES

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## CHAPTER 4

### ACCOUNTS PAYABLE

#### 4-1. General.

a. Accounts payable are amounts owed by the U.S. government to others for goods and services received, progress in contract performance, and rents. This chapter provides accounting policy for recognizing accounts payable, including accruals. The guidance applies to accounts payable funded by civil, military, Revolving Fund, or reimbursable sources.

b. The accrual basis of accounting is used for all appropriations and funds as prescribed by the Government Accountability Office. The Federal Accounting Standards Advisory Board (FASAB) establishes Generally Accepted Accounting Principles (GAAP) and reporting requirements for federal entities. Financial reporting for liabilities is addressed in the Statement of Federal Financial Accounting Standards Number 1 (SFFAS 1).

c. Under the accrual basis of accounting, full disclosure is made of all changes in liabilities and expenses resulting from transactions or events that affect these items. The use of accrual accounting ensures that the accounting records portray an accurate and complete picture of expenses for a given accounting period and of the financial condition at the end of the period.

#### 4-2. Policy for Accounts Payable.

##### a. Recording Accounts Payables.

(1) Liabilities for payment, or accounts payable, are recorded in accordance with Volume 4, Chapters 8 and 9 of the Department of Defense Financial Management Regulation (DoDFMR), [http://www.dod.mil/comptroller/fmr/04/04\\_08.pdf](http://www.dod.mil/comptroller/fmr/04/04_08.pdf) and [http://www.dod.mil/comptroller/fmr/04/04\\_09.pdf](http://www.dod.mil/comptroller/fmr/04/04_09.pdf).

(2) Accounts payable are recorded upon receipt of services or acceptance of title to goods, whether delivered or in-transit. Accounts payable shall be supported by adequate evidence of the existence of the liability (e.g. purchase order or contract, and proof of receipt). Receiving reports must be entered in the financial management system within five workdays after receipt and acceptance of goods or services.

b. Prevalidation. Prevalidation is the process of matching the planned disbursement with a recorded obligation before the invoice payment is made. The requirement is to determine before the payment is made that the undisbursed balance of the obligation is sufficient to cover the amount of the planned disbursement. The process is intended to minimize the occurrence of problem disbursements and Antideficiency Act violations. Established thresholds for the prevalidation of vendor and contract payments are as follows:

(1) All invoices, excluding certain MOCAS payments, are matched to a recorded obligation in the financial management system prior to disbursement.

(2) Mechanization of Contract Administration Services (MOCAS) payments. Prevalidation is being phased in for MOCAS payments to avoid significant payment delays. For contracts awarded during/prior to FY2004, a \$7,500 threshold applies. For contracts awarded during/after FY2005, a zero threshold applies. DoD guidance is available at DoDFMR Volume 10, Chapter 1, [http://www.defenselink.mil/comptroller/fmr/10/10\\_01.pdf](http://www.defenselink.mil/comptroller/fmr/10/10_01.pdf).

c. Unfunded Liabilities.

(1) Accounts payable shall be recorded regardless of the availability of funds. Accounts Payable not covered by budgetary resources will be accrued as an unfunded liability in the USACE Revolving Fund until the actual source of funding is determined. Unfunded liabilities are reported in the footnotes to the Consolidated Balance Sheet, in order to disclose potential liabilities not recorded due to a lack of funding.

(2) Unfunded contractor earnings performed in accordance with the Civil Works Continuing Contracts clauses will also be reported as unfunded liabilities. The amount accrued will include the interest on unfunded earnings, as determined by the contracting officer, that would have been paid but for the exhaustion of funds.

d. Judgment Fund. Certain judicially and administratively ordered monetary awards against the U.S. Government, including Department of Justice compromise settlements, are disbursed by the U.S. Treasury from the Judgment Fund. Federal agencies are required to reimburse the Treasury for payments made on their behalf from the Judgment Fund.

(1) Claims for Contract Disputes (Treasury Symbol 20X1743).

31 USC 1304 and 41 USC 612 provide that monetary judgments under the Contracts Disputes Act of 1978 (CDA), as amended, which are awarded by the Armed Services Board of Contract Appeals (ASBCA) or the Court of Federal Claims, are paid by the Department of the Treasury from the Judgment Fund. After payment is made to the contractor, the affected DoD Component is required to reimburse the Department of Treasury's Judgment Fund. Judgment Fund debt shall be reimbursed from the appropriation that funded the original contract. The Contract Dispute Act requires that payments be made from funds current at the time of the judgment and from the same type of funds cited on the original contract.

(a) Military claims or settlements. USACE activities shall bill the customer for the amount of the Judgment Fund bill plus Supervision & Administration (S&A). DoD guidance concerning Judgment Fund payments is available in DoDFMR Volume 10, Chapter 12, and DoDFMR Volume 3, Chapter 8, [http://www.defenselink.mil/comptroller/fmr/10/10\\_12.pdf](http://www.defenselink.mil/comptroller/fmr/10/10_12.pdf), [http://www.defenselink.mil/comptroller/fmr/03/03\\_08.pdf](http://www.defenselink.mil/comptroller/fmr/03/03_08.pdf).

(b) Civil claims. Civil Works claims shall be forwarded to CERM-F.

(2) The Notification and Federal Employee Antidiscrimination Retaliation (NO FEAR) Act. Public Law 107-174, the No Fear Act, requires that agencies reimburse the Judgment Fund for payments made on their behalf concerning violations or alleged violations of Federal discrimination laws, Federal whistleblower protection laws, and/or retaliation claims arising from the assertion of rights under those laws. Agencies are required to reimburse Treasury within 45 days of notification.

(a) Military Activities. Military activities shall reimburse the Judgment Fund for No Fear Act claims citing the direct appropriation which funded the claimant's position. If funds are not available, activities shall submit an unfunded requirement to HQUSACE and record an unfunded liability in the financial management system.

(b) Civil Works Activities. Civil Works activities shall reimburse the Judgment Fund for No Fear Act claims from the appropriate overhead account for the individual filing the claim.

(c) HQ/MSC. Claims for individuals assigned to HQUSACE or a Major Subordinate Command shall be funded from the appropriate Executive Direction and Management (ED&M) account.

(d) Out of Court Settlements. USACE activities will pay

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settlements reached between the two parties directly to the claimant. Guidance concerning timeframes and funding source are as specified above.

e. Intra-governmental Transactions. Amounts owed for goods and services received from Federal agencies are reported separately from amounts owed to the public. DoD FMR, Volume 6B, Chapter 13, requires all DoD components to reconcile intra-governmental transactions when compiling the Chief Financial Officer (CFO) financial statements. USACE is a waived entity, which means that DoD grants USACE the authority to provide accounts payable and expense information to other DoD entities. As a waived entity, trading partners must automatically accept USACE accounts payable and expenditure data as accounts receivables and revenues in their financial statements. Emphasis must be placed on the validity of expenditure data, in order to ensure proper financial reporting by USACE and other DoD agencies.

f. Prompt Payment Act (PPA) Interest Payments. PL 97-177, as amended, requires Federal agencies, including non-appropriated activities, to pay their bills on time, to pay interest penalties when payments are made late, and to take discounts only when payments are made within the discount period. If no date is specified in the contract, payment will be made 30 calendar days after receipt of a proper invoice or 30 calendar days from acceptance of the goods or service, whichever is later.

(1) Interest penalties will be funded by the same program, project, activity, or revolving fund account cited on the contractual document.

(2) PPA interest penalties resulting from late payments citing non-Corps reimbursable funds may be charged to the responsible activity's overhead account when all of the following conditions apply:

- there are insufficient funds on the reimbursable order to pay the interest penalty,
- the late payment will be the final charge against the reimbursable order, and
- the interest penalty does not exceed \$100.

(3) Project funds will be charged for interest expense related to procurement of civil or military assets citing an expense type work item; interest penalties will not be capitalized in the cost of the asset. For Revolving Fund assets, interest will be charged to the appropriate departmental, G&A, or

shop & facility work item.

(4) Additional guidance on PPA and interest penalties is contained in the DFAS-IN Regulation 37-1, Chapter 11 and Appendix E, Desk Reference Guide for Prompt Payment Act:  
<https://dfas4dod.dfas.mil/centers/dfasin/library/ar37-1/index.htm>.

g. Prompt Payment Act Discounts. Amounts recorded as accounts payable shall be net of discounts offered by vendors.

(1) When a cash discount has been offered for prompt payment, every effort should be made to process the invoice within the discount period if economically justified. All offers of discounts appearing on a vendor's invoice will be considered as authorizing the deduction of the discount if earned. If the discount terms of the contract or purchase order are not in agreement with the discount offered on the vendor's invoice, the discount most advantageous to the Government will be taken.

(2) Computation of the discount period is conditioned on the receipt of a proper invoice when an invoice is required by the contract. The period for taking the discount is calculated from the date placed on a proper invoice by the vendor. If the vendor does not date the invoice, the discount period start date is the receipt date annotated on a proper invoice by the designated billing office.

(3) Invoices which, through no fault of the contractor, cannot be paid within the discount period will be paid in the full amount adhering to the normal payment terms.

(4) Additional guidance is contained in DoDFMR Volume 10, Chapter 2, [http://www.dod.mil/comptroller/fmr/10/10\\_02.pdf](http://www.dod.mil/comptroller/fmr/10/10_02.pdf).

h. Reviewing Accounts Payable Balances.

(1) Funds are allotted to Commanders. The supporting accounting offices are required to conduct a joint review with originating offices of commitments, obligations, accounts payable, and accounts receivable to determine timeliness, accuracy, and completeness of unliquidated obligation data. Reviews are conducted during each of the four-month periods ending on January 31, May 31, and September 30 of each fiscal year. For Accounts Payable, the purpose of the review is to ensure that all known payables have been recorded and that the amounts reported are correct and in agreement with subsidiary records. The Joint Review Program (JRP) requirements apply to all appropriations and funds, to include reimbursable

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transactions, trust funds, and the USACE Revolving Fund. Documentation evidencing the review must be maintained for a period of 24 months following the review for audit purposes.

(2) DA and USACE goals for the Joint Review Program are published on an annual basis. Accounts payable are reviewed in each of the JRP phases using the same criteria (appropriation status, dollar amounts, aging, etc.) as established for reviewing commitments and obligations.

(3) Confirmation statements. Commanders are required to certify that the Joint Review has been conducted in accordance with DoD and DA guidance; certification authority may be redelegated to the Resource Management Officer. Confirmation statements are submitted in the Corps of Engineers Management Information System (CEEMIS) in accordance with established due dates, for submission to DA. Exception reports are required if fund holders are unable to complete the required review or confirm the accuracy of data. A full explanation of the issues and corrective actions being taken must be provided to CERM-F for reporting to Department of Army.

(4) Additional guidance on JRP requirements is contained in DoDFMR Volume 3, Chapter 8, and DFAS IN 37-1, Chapter 27, <http://www.defenselink.mil/comptroller/fmr/03/index.html>; <https://dfas4dod.dfas.mil/centers/dfasin/library/ar37-1/chap27.pdf>.

#### 4-3. Policy for Recording Estimated Accounts Payable (Accruals).

a. General. Accounts payable shall be estimated to the end of an accounting period when goods or services have been received but exact amounts are not known. Accruals shall be recorded only if the event in question has actually occurred (or is projected to occur by the end of the accounting period) and reasonable documentation exists to support the amounts recorded. Accruals will not be entered when a receiving report is more appropriate.

(1) Amount. The amount accrued will be a reflection of the work performed and the liability incurred. Best estimates may be used; however, arbitrary pro-rations should be avoided.

(2) Documentation. Reasonable documentation is generally considered to be documentation that would allow another reasonably knowledgeable individual to come to the same logical conclusion. Individuals who enter accruals must maintain audit documentation for all accruals for one year after payment is made or after the accrual is reversed. For accruals of \$2,500 and

over, an accrual support form must also be completed and maintained. In addition, the Resource Management Office must review and approve the supporting documentation for all accruals over \$100,000. Acceptable documentation includes:

(a) Receiving reports, executed bills of lading, issue and turn-in slips, job sheets, or other documents that prove constructive delivery, work was performed, services rendered, or material received;

(b) Unpaid invoices from vendors that have been approved for payment, including progress payment requests;

(c) Journal vouchers, or their equivalent, showing accrual estimates prepared by responsible individuals where these documents are used in keeping with accepted accounting practice; for example, estimates of construction-in-progress/work-in-progress. Use of email to provide rationale for estimates or correspondence with contractors is acceptable;

(d) Obligation documents in cases where accrued expenditures are recorded simultaneously with obligations and services have been performed (examples: in-house labor, facility services, etc.);

(e) Completion of work documents.

(3) Timing. Accruals will be recorded on a monthly basis at a minimum for contractor earnings, intra-district activities, and hired labor. All valid accruals shall be recorded quarterly, regardless of dollar value.

b. Contract Earnings. Accrued expenditures will be recorded for performance (including retained earnings) to the end of each calendar month for construction contracts, major supply contracts (e.g., turbines, generators, transformers, fabricated steel), equipment rental contracts, Architect-Engineer contracts for design services, and reimbursable orders placed with other Federal activities, including other Corps of Engineers activities. Engineering estimates and management evaluation of actual performance shall be used to determine amounts for accrued contract earnings.

c. Hired Labor. Labor costs will be accrued to the end of the each calendar month using early labor cost cutoff procedures.

d. Reversal. Accruals will be reversed when a receiving report or invoice can be recorded, or when the accrual is subsequently determined to be invalid. If the accrual is

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reversed and less than 70% of the original amount accrued is subsequently disbursed, a statement must be added to the support form explaining the variance.

(1) For all payments involving contractual obligations, receiving offices are responsible for reversing accruals at the time a receiving report or contract pay estimate is entered.

(2) The originating office/activity is responsible for reversing any accrual if it is subsequently determined to be invalid.

(3) The USACE Finance Center (UFC) will automatically reverse accruals in order to record intra-governmental invoices received. This process facilitates timely payment and collection of government billings. Supported activities will provide the required permissions in the financial management system to UFC personnel. Where the actual amount billed is less than 70% of the accrued amount, the originator at the supported activity is responsible for adding a statement to the support form explaining the variance.

e. Review of Accrual Documents. Resource Management shall perform a monthly review to ensure that each accrual over 90 days old is valid and properly supported by documentation. Any accrual over ninety days old requires justification from the originator as to why the accrual remains open. Normally, accruals will be reversed and actual costs recorded in the month following the initial recording of the accrual. Documentation supplied by the originator will be maintained for audit purposes.

4-4. Accounts Payable Procedures. Proper procedures for Accounts Payable and accruals are available at <http://www.usace.army.mil/inet/functions/rm/finance/finance.htm>.



Chapter 5

ACCOUNTS RECEIVABLE AND COLLECTION PROCEDURES

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Chapter 6

LABOR COSTS AND LABOR COST CORRECTIONS

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## CHAPTER 6

### LABOR COSTS AND LABOR COST CORRECTIONS

6-1. General. This chapter prescribes the accounting policy for recording labor costs and correcting labor errors. The objective is to ensure that each Corps of Engineers team member understands the importance of correctly recording time and labor costs in the Corps of Engineers Financial Management System. This chapter applies to all Corps of Engineers team members.

6-2. Policy.

a. The Corps of Engineers is a project oriented organization and as such, time and labor must be appropriately recorded to the benefiting project.

b. Pursuant to the provisions of 31 USC 1301, labor hours actually worked on a specific project or reimbursable order must be costed and posted to that project or reimbursable order. Accordingly, legitimate labor costing errors must be promptly corrected using prescribed labor cost transfer procedures. Under no circumstances will labor hours actually worked on a specific project or reimbursable order be charged, transferred, or posted to another project or reimbursable order, a departmental overhead account, a general and administrative overhead account, or a shop and facility account to:

- (1) Compensate for funding shortfalls.
- (2) Clear or avoid labor rejects.
- (3) Liquidate or reduce balances in accounts with funds that will expire at the end of the current fiscal year.
- (4) Eliminate or avoid credit balances in accounts resulting from posting of labor actually worked.
- (5) Mask potential anti-deficiency act violations.
- (6) Mask cost overruns.
- (7) Facilitate performance of work in advance of receipt of funds.
- (8) Avoid reprogramming actions.

c. It is the policy of the Chief of Engineers to identify the recording of labor costs and other application of fiscal performance measures. These requirements should be a part of

performance standards for all work leaders, labor certifying supervisors, project managers, and division and staff/office chiefs.

d. Methods of Determining Labor Cost Rates. Employees of division and district will be paid initially from the Revolving Fund. The labor and payroll account will be charged with the gross earnings of these employees and credited with labor costs distributed. Labor costs applicable to civilian employees will be determined by one of the following methods:

(1) Actual Pay Method. Under this method, the labor cost rates are equivalent to the actual pay rates, and the labor costs distributed for each pay period equal the amount of the gross earnings. This method is applicable to the services of (a) employees not entitled to annual or sick leave, (b) other employees entitled to leave with pay but who are transferred to district rolls for pay purposes only or for temporary purposes such as care and custody of excess military installations pending disposal, and (c) consultants.

(2) Effective Time Method. Under this method, the labor cost rates for the regular tour of duty consist of actual pay rates increased to include a factor for all leave with pay. Labor costs for night differential, overtime and holiday pay are computed at the actual pay rates. This method is applicable to the services of employees entitled to leave with pay except as provided in subparagraph (1) above. The effective time method provides the means to:

(a) Charge projects/work items for time actually worked at a rate which will absorb the amount of pay for annual and shore leave accrued, sick or other leave taken, holidays, administrative leave allowed, severance pay entitlement, and continuation pay for traumatic job-related injuries.

(b) Accumulate a balance in the labor and payroll account to approximate the monetary value of annual and shore leave due employees under the effective time method.

(c) When employees receive cost of living allowance (COLA) it is necessary to compute the COLA on the effective pay rate. This provides the reserve to which the labor cost is absorbed when the employee is on leave.

(3) Average Rates for Groups of Employees. Under this method, an average effective time hourly rate is established and used for costing labor of employees engaged in a common activity such as shops, floating plant, executive, advisory and administrative functions. Equitable costing as well as economy are prerequisites for use of the average effective labor rate

method.

e. Supervisors will maintain appropriate documentation that provides support for their subordinate's time, attendance and labor submission.

f. Project managers will direct all team members to **stop work** on a project upon exhaustion of funds and notify the customer that work is stopped until the funding issue is resolved.

g. Finance and Accounting Officers are responsible for ensuring that all financial transactions are valid and properly processed into the accounting system. Their responsibilities include coordinating with project managers to ensure that all dispute account transactions are promptly researched, corrected, and resubmitted, identifying characters, which indicate that the transaction is a labor cost transfer. F&A Officers are responsible for reviewing requests for labor cost transfers to ensure that justifications are reasonable and properly approved. The F&A Officer is responsible for immediately notifying the appropriate project manager of any funding problem.

h. RMO's are responsible for ensuring that policies outlined in this chapter are in place and working effectively. They are responsible for leading the effort to provide local training regarding project labor costing and fiscal responsibility.

6-3. Labor and Labor Costs Corrections Procedures. Accounting procedures for proper labor costing can be found at:  
<http://www.usace.army.mil/inet/functions/rm/finance/finance.htm>

Chapter 7

PROJECT COSTS (SUBSIDIARY LEDGER) ACCOUNTS

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Chapter 8

PAY AND ALLOWANCES OF MILITARY PERSONNEL

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## Chapter 8

### PAY AND ALLOWANCES OF MILITARY PERSONNEL

8-1. General. This chapter prescribes the accounting policy and procedures required for pay and allowances of military personnel assigned to the Corps of Engineers. This includes civil and military funded military personnel. The pay and allowances of military personnel of the Corps of Engineers will be processed in the manner prescribed by DoD Financial Management Regulation Vol. 7A, except as provided herein.

8-2. Policy.

a. Electronic Funds Transfer (EFT.) P.L. 104-134 requires all federal payments to be made via electronic funds transfer. Therefore, payments to military personnel will be processed via electronic funds transfer (EFT).

b. Military funded personnel are paid directly from the Military Personnel Army Appropriation.

c. Civil funded military personnel of the Corps of Engineers employed primarily on duty connected with non-military public works prosecuted under the direction of the Chief of Engineers, will, while so employed, be reimbursed their pay and allowances from the appropriation for the work or works upon which they are employed (33 U.S.C. 583a).

(1) If, during the period of an assignment to a civil works project, the soldier is detailed for duty on a military project, which is estimated to consume less than a significant portion of his time, the soldier will be considered as employed primarily on the civil works project. His full pay and allowances (including subsistence) for such time will be paid from civil funds. Significant is considered 25% or more. In situations where the work is greater than 25%, the costs will be distributed to the military supported project.

(2) Military personnel transferring from one duty station to another are paid by the losing activity up through the end of the month of the effective transfer date, as stated on their orders. Likewise, when a soldier transfers to a Civil function, payments will not be made from civil funds until after the end of the month of the effective transfer date on their orders.

(3) The pay and allowance cost of military reserve



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personnel assigned to the Army Corps of Engineers for a Civil Works activity will be paid directly by the applicable military reserve appropriation and reimbursed by the Civil Works appropriation. (The funding action creates an appropriation refund for the Reserve Personnel Army appropriation). The authority to use a civil works appropriation to fund a military Reserve Officer is in accordance with 33 U.S.C. Section 583a. The Corps of Engineers is not authorized to fund military Reserve Officers for military activities from USACE military appropriations.

8-3. Pay and Allowances of Military Personnel Procedures.

Accounting procedures for pay and allowances of military personnel assigned to the Corps of Engineers can be found at:  
<http://www.usace.army.mil/inet/functions/rm/finance/finance.htm>

CHAPTER 9

CIVILIAN PAYROLL AND LEAVE ACCOUNTING

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## CHAPTER 9

### CIVILIAN PAYROLL AND LEAVE ACCOUNTING

#### 9-1. General.

a. Purpose. This chapter prescribes policy for payroll and leave accounting for Corps of Engineers civilian employees.

b. Responsibilities. The Director, Defense Finance and Accounting Service (DFAS) is responsible for the payroll system, and overall planning and general direction of the pay, leave, and allowance functions for payroll administration. The Corps of Engineers civilian employees are paid by DFAS through the Defense Civilian Pay System (DCPS). The Corps utilizes a network of timekeepers and customer service representatives (CSR) for processing bi-weekly pay. Timekeepers are responsible for data entry and accuracy of time and attendance. Supervisors are responsible for certification of the accuracy of the time and attendance. The CSR serves as the liaison with DFAS, ensuring the receipt and processing of all transactions, and corrections of DCPS error reports.

9-2. Policy. The basic policies governing the processing and accounting for payments to civilian personnel contained in Department of Defense Financial Management Regulation, DODFMR, DOD 7000.14-R, Volume 8 will be followed. For actions required to be submitted to higher authority, normal Corps of Engineers command channels of communication will apply.

a. Electronic Funds Transfer. Public Law 104-134, the Debt Collection Improvement Act of 1996, requires all Federal payments to be made by electronic funds transfer (EFT). Any request for waiver of this requirement must be formally submitted to DFAS. Department of the Treasury Financial Management Service issued final rule 31 CFR, Part 208, which implements the EFT requirements of the Act.

b. Regardless of the timing of recording T&A data, management must have in place a system of control techniques that gives reasonable assurance that the recorded information reflects time worked, leave taken, or other absences. Supervisors will certify the accuracy of time and attendance at the end of the pay period.

c. Alternate Work Schedules. Title 5, United States Code, Chapter 61, subchapter II permits a variety of flexible and Alternate Work Schedule, ENG Form 4704 (Auto), Alternate Work Schedule Time Record, is authorized to record time and attendance

for those employees working on an alternate work schedule. The form may be revised and reproduced locally using a local form number to meet district needs.

(1) ENG Form 4704 (Auto) must be signed by the employee, timekeeper and supervisor. The employee signs to affirm that the data is true, correct, and accurate. The timekeeper signs to verify that recorded information is true, correct and accurate to the best of their knowledge. The supervisor or other equivalent official, or higher-level manager signs to confirm to the best of their knowledge that the recorded information is true, correct and accurate, and in accordance with applicable laws and regulations and is approved for payment.

(2) Signatures on Eng Form 4704 (Auto) are in addition to the signatures required on the Time and Attendance Report.

d. Withholding from the Pay of Civilian Employees.

(1) The Act of 3 Aug 1950 (64 Stat 393) provides authority to withhold from the pay of employees without their consent to satisfy indebtedness arising from any erroneous payment made during previous employment by an agency of the Executive Branch of the Government where GAO has raised a charge for such erroneous payment against a disbursing or certifying officer.

(2) The Act of 15 July 1954 (68 Stat 482, 5 USC 5514) provides authority for making deductions from the pay of civilian employees without their consent to satisfy indebtedness resulting from any erroneous payment made by an establishment of the Department of Defense to or on behalf of such employees. Collection for salary overpayments will be made in accordance with DODFMR Volume 8, Chapter 4.

(3) Waivers of Erroneous Payments of Pay and Allowances. Authority is provided by 5 U.S.C. 5584 and 4 C.F.R. Parts 91 and 92 for the waiver of claims of the United States against a Corps civilian employee arising out of an erroneous payment of pay or allowances.

(4) Judgment Offsets. When a court of the United States, in an action or suit brought against Corps employees by the United States, determines that the employee is indebted to the United States and enters a judgement against the employee, section 124 of P.L. 97-276 allows collection of the debt by deduction from employee's current pay account.

(5) Garnishments. 42 U.S.C. 659 provides consent by the United States to garnishment and similar proceedings for enforcement of child support and alimony obligations against

Corps civilian employees. P.L. 103-94 authorizes the garnishment of Corps civilian employee's pay for commercial debts.

(6) Travel Charge Card Delinquent Debts. All travel charge card accounts that are in the 90 plus days delinquent category are subject to salary offset unless the person is specifically exempted. Exemptions may apply to members of collective bargaining units, those within 30 days of retirement, and potentially other unique circumstances.

(7) The Debt Collection Improvement Act of 1996 provides that:

(a) Civilian payroll debts that are \$50 or less may be immediately deducted from an employee's next biweekly paycheck in full. A simultaneous notice will be sent to the employee to advise the employee of this offset.

(b) The payroll office may begin a 15% offset of the employee's future biweekly paychecks when a debt greater than \$50 is discovered and corrected within 4 pay periods of the original transaction. A simultaneous notice will be sent to the employee to advise the employee of this 15% offset.

(c) All other civilian payroll debts require a full due-process notification letter sent to the employee prior to any collection actions being initiated by DFAS.

(8) Transfers of Annual and Shore Leave, Credit Hours and Compensatory Time.

(a) Annual Leave Transfers. When an employee transfers between two USACE Commands the value of accrued annual and shore leave due the employee will be transferred. The value will be computed by multiplying the hours of annual and shore leave transferred by the hourly salary rate in effect for the employee at the time of transfer. The Finance and Accounting (F&A) Officer of the losing USACE Command will obtain notices of such employee transfers from the Customer Service Representative.

(b) Credit Hour Transfers. When an employee transfers between two USACE Commands that are in the same Defense Civilian Pay System (DCPS) the value of credit hours due the employee will be transferred. The value will be computed by multiplying the credit hours transferred by the hourly salary rate in effect for the employee at the time of transfer. The F&A Officer of the losing USACE Command will obtain notices of such employee transfers from the Customer Service Representative. DCPS will automatically pay Credit hours if the Agency, Major Claimant/Command changes, the employee does not remain on a FWS,

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or is moved to a different database.

(c) **Compensatory Time Transfers.** When an employee transfers between two USACE Commands that are in the same Defense Civilian Pay System (DCPS) the value of compensatory time due the employee will be transferred. The value will be computed by multiplying the compensatory hours transferred by the hourly salary rate in effect for the employee at the time of transfer. The F&A Officer of the losing USACE Command will obtain notices of such employee transfers from the Customer Service representative. DCPS will automatically pay Compensatory time to the employee if the Agency changes i.e. the employee leaves Army or retires. If the agency does not change, the F&AO is responsible for paying the value of the Compensatory time to the gaining organization.

9. **PCS House Hunting Trips.** The regular duty time of an employee while on an advance house hunting trip will be reported as duty time to the extent authorized by PCS orders. Since the maximum period that may be authorized for a house-hunting trip, including travel time, is ten consecutive calendar days, charge to duty time will never exceed eight days. Regular duty time in excess of that authorized will be charged to annual leave or leave without pay as appropriate.

9-3. Civilian Payroll and Leave Accounting Procedures.

Accounting procedures for payroll and leave of civilian personnel can be found at:

<http://www.usace.army.mil/inet/functions/rm/finance/finance.htm>

Chapter 10  
WASHINGTON AQUEDUCT

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## CHAPTER 10

### WASHINGTON AQUEDUCT

10-1. General. This chapter prescribes accounting policy for Baltimore District, Washington Aqueduct Division and their wholesale customers. The construction, maintenance and operation of facilities associated with the collection, purification, and transmission to the wholesale customers of the water supply are civil functions of the Corps of Engineers. The Washington Aqueduct provides potable water to wholesale customers, the District of Columbia, Arlington County and the City of Falls Church. Water distribution and sales in these areas are the responsibility of the wholesale customers. Washington Aqueduct funds are primarily derived from water sales, which are made in accordance with water sales agreements between each wholesale customer and the Secretary of the Army. The Washington Aqueduct works with a wholesale customer board as defined in a Memorandum of Understanding (MOU) between the customers and the Chief of Engineers.

10-2. Policy. The Washington Aqueduct is responsible for rate setting and revenue collection to cover all costs of operation, maintenance, debt service and capital improvement. Washington Aqueduct will set customer rates to ensure all costs incurred are recovered. All work authorized and funded by the capital outlay appropriation will ultimately be a part of the Washington Aqueduct and authorized appurtenances and as such will normally represent a capital item. Capital Outlays will include permanent project features, including land improvements and relocations, as well as Engineering, Design and Supervision and Administrative Costs. This account will include all costs incurred for Work in Progress financed by Capital Outlay, Water Fund. Operation and Maintenance account will include all costs incurred for additions, improvements and replacements, financed with operating expense funds. Washington Aqueduct operating and capital improvement budgets are submitted to the Wholesale Customer Board annually.

10-3. Procedures. Accounting procedures specific to Washington Aqueduct Division may be found at:  
<http://www.usace.army.mil/inet/functions/rm/finance/finance.htm>



Chapter 11

FINANCIAL REPORTS FOR CIVIL, MILITARY  
AND REVOLVING FUND APPROPRIATIONS

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## Chapter 12

### DISBURSEMENT AND COLLECTION REPORTS

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## CHAPTER 13

### ACCOUNTING FOR CIVIL WORKS COST SHARED PROJECTS

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## CHAPTER 13

### ACCOUNTING FOR CIVIL WORKS COST SHARED PROJECTS

13-1. General. The purpose of this chapter is to provide accounting guidance and procedures for applying non-Federal contributions toward the cost of project planning, engineering, design, construction, and operations and maintenance of Civil Works cost shared projects.

a. The Water Resources Development Act of 1986, Public Law 99-662, as amended, (hereinafter “WRDA 86” or “the Act”) entered the Corps of Engineers into a new era of project financing through cost sharing with various non-Federal sponsors (public entities). Although the acceptance of funds from private parties is allowed under section 4, Rivers and Harbor Act (38 Stat. 1053; 33 U.S.C. 560) navigation authority, and other authorities, it is HQUSACE policy that funds shall be accepted only from duly appointed public entities. See ER 1165-2-30 for further guidance.

b. WRDA 86 specifies that the cost sharing provisions set forth therein apply to any studies for a water resources project commenced after November 17, 1986, or any water resources project, or any separable element thereof (as defined in the Act), for which a contract for physical construction had not been awarded before November 17, 1986. The Act further provides that, unless otherwise specified, the cost sharing provisions of Title I of the Act shall apply to all projects authorized therein. WRDA 86 further states that prior to initiating work on a project, other than hydropower, a legally binding cooperative agreement must be executed between the Department of the Army and the non-Federal sponsor to document the Government’s responsibility and the non-Federal sponsor’s responsibility for the project including, but not limited to, paying the non-Federal share of the costs of construction, paying 100 percent of the costs of the operation, maintenance, replacement, and rehabilitation costs, and holding and saving the Government free from damages. Similar requirements are included in the Act regarding planning and engineering of a project authorized by the Act. Model cost sharing agreements for feasibility studies (Feasibility Cost Sharing Agreement (FCSA)), for preconstruction, engineering and design (Design Agreement (DA)), and for construction, operation and maintenance (Project Cooperation Agreement (PCA)) of water resources projects have been approved by HQUSACE and by the Assistant Secretary of the Army (Civil Works) (ASA (CW)) for many of the Corps missions and authorities. The approved model agreements are maintained on the website for Civil Works:  
[http://www.usace.army.mil/civilworks/cecwp/branches/policy\\_compliance/ccpca.htm](http://www.usace.army.mil/civilworks/cecwp/branches/policy_compliance/ccpca.htm)

Further guidance regarding cost sharing requirements may be found in ER 1165-2-131, ER 1105-2-100, as well as in other engineering regulations, circulars and pamphlets, and Planning, Policy,

and Project Management Guidance Letters.

c. Many pre-WRDA 1986 projects are still active, and these projects may be subject to different cost-sharing obligations and existing assurance agreements or local cooperation agreements, which contain the contractual agreement of the non-Federal sponsor regarding the project cost-sharing obligations and the method of payment under the specific project authority. Unless these pre-WRDA 86 projects, or a separable element thereof, have been expressly made subject by Congress to the cost-sharing requirements of WRDA 86, as amended, the Government cannot unilaterally alter the contractual obligations of the non-Federal sponsor beyond those obligations set forth in the pre-existing cost sharing agreement executed by the sponsor.

d. Interdisciplinary teams led by the Project Manager are recommended by HQUSACE for development, negotiation and execution of PCAs, FCSAs, DAs, and escrow agreements. It is recommended that the team include a Resource Management (RM) representative. The RM representative must be familiar with the accounting procedures for all agreements and cost sharing procedures of all references in appendix A.

#### 13-2. Policy.

a. General. The Corps of Engineers Financial Management System cost share programming reflects the financial requirements specified in law, regulation, and study or project specific cooperative agreements between the Government and non-Federal sponsors for each cost-share project. For Congressional Add projects with unique cost-sharing allowances during study, design, or construction, the PM will provide RM with copies of the authorizing language supporting the project cost-sharing allowance, with additional support from OC, if requested by RM. When a purchase request is certified, the Federal Government and all non-Federal sponsors must have their respective proportional shares (e.g., Federal cash, sponsor cash, or authorized and approved sponsor credit) available. (See PM Guidance letter No. 11 Revised, SUBJECT: Provisions of Non-federal Cash for Construction of Civil Works Projects and Separable Elements at:

[http://www.usace.army.mil/inet/functions/cw/cecwp/branches/policy\\_compliance/pmg11.htm](http://www.usace.army.mil/inet/functions/cw/cecwp/branches/policy_compliance/pmg11.htm)

Only the Secretary of the Army or the ASA (CW) can waive the non-Federal sponsor's proportionate share requirements. If there is no such waiver and the Government's and/or any non-Federal sponsor's proportionate share (net of any authorized and approved creditable work) is not available when a purchase request is processed, then the purchase request will not be certified. Purchase requests cannot be certified until the Government and each non-Federal sponsor's proportionate share requirements are met.

b. Feasibility Phase. Section 105(a) of WRDA 86 specifies the cost sharing requirements for studies that were initiated after 17 November 1986. Feasibility studies are cost shared 50% Federal and 50% non-Federal and are typically accomplished with General Investigations funding.

As originally enacted in WRDA 86, at least 50% of a non-Federal sponsor's share (25% of the total feasibility phase cost) was required to be in cash. With the passage of WRDA 2000, P.L. 106-541, Section 225, the non-Federal sponsor may now provide 100% of its share in "in-kind service" credit. No credit may be given to the non-Federal sponsor for work performed prior to execution of the FCSA or after completion of the feasibility phase.

(1) The Project Manager assigned to the feasibility study will coordinate actions with the RM representative prior to completion of the negotiations on the FCSA with the non-Federal sponsor. Coordination and accounting mechanisms will be established for: allocating and tracking non-Federal cash contributions, crediting the value of approved in-kind service contributions, and distribution of charges against the Federal and non-Federal sponsor accounts. They will document the effective, departmental overhead and any other rates, and identify increases that could trigger an amendment to the FCSA, or Project Management Plan (PMP).

(2) The Project Manager coordinates a draft FCSA with RM to ensure compliance of the following: procedures for receipt and accounting of non-Federal sponsor cash funds; establishment and handling of escrow accounts, if used; prohibitions pertaining to commingling of funds; the direct charging rule for recording direct labor cost; frequency of charges against the non-Federal sponsor contributed fund accounts; crediting the value of approved in-kind contributions; the F&A reporting products and their interpretation; circumstances precipitating increases in effective and departmental overhead rates; partial reconciliation of the accounts for the non-Federal sponsor and Federal end-of-year budgetary requirements; end of study reconciliation mechanism; and the provision and maintenance of accounting records for inspection and audit by Federal or non-Federal sponsor representatives.

c. Credits for work-in-kind during Feasibility Phase. In-kind services represent study work performed by the non-Federal sponsor during the feasibility phase per Section 105(a) of WRDA 86, as amended, for which credit may be given and counted towards the required non-federal contribution. A PMP is the basis for assigning tasks between the Government and the non-Federal sponsor and for establishing the value for credit for in-kind services. Examples of in-kind services are services, materials, supplies and other in-kind work items other than cash necessary to prepare the feasibility report. The determination of the initial dollar value of in-kind products or services will be based on negotiation of a detailed Government estimate and a non-Federal sponsor proposal. The value of in-kind services will be stated as fixed fee amounts determined by applying applicable Federal regulations, including

OMB Circular A-87. Acceptance of the product will be as described in the PMP.

d. Preconstruction Engineering and Design (PED) Phase.

(1) Section 105(c) of WRDA 86 specifies that the cost sharing for design of projects will be shared in the same percentages as the project purpose. CECW-AG Memorandum, 3 August 1998, Subject: Model Design Agreement, requires that the Government and the non-Federal sponsor execute a design agreement for all Preconstruction Engineering and Design activities funded by General Investigations, and all engineering and design activities funded by either Construction, General or Operations and Maintenance, General appropriations with certain limited exceptions set forth therein. Since most project purposes have different cost sharing formulas, HQUSACE and ASA (CW) developed the model DA using 75/25 percent cost sharing. To ensure costs of design are ultimately shared in the same percentages as the project purpose, once design is complete total design costs are included in total project costs in the PCA for the project. Any adjustments required ensuring the non-Federal sponsor has contributed the correct percentage of total design costs are accomplished by adjusting the cash requirement from the non-Federal sponsor in the first year of construction. It is important to note that unlike Section 105(a) of WRDA 86, Section 105(c) of WRDA 86 does not authorize or permit any in-kind services to meet a portion of non-Federal sponsor contributions during design.

(2) Section 105(b) of WRDA 86 specifies the cost sharing for projects authorized in WRDA 86 for Planning and Engineering only. Non-Federal sponsors must contribute 50 percent of the cost of planning and engineering during the period of planning and engineering. The costs included herein are all costs necessary to produce a feasibility report. Once the period of planning and engineering is complete, the Government and non-Federal sponsor must execute a DA to cost share the costs of design.

(3) All Other PED. These costs may be incurred under several classes below: All PED costs incurred subsequent to the feasibility study, other than costs incurred during the period of planning and engineering discussed in 2. above, are considered a part of, and included in, the total project cost to be cost shared and included in the PCA. The PED costs are to be treated as a component of the first year construction costs and included in the non-Federal sponsor's first year cash requirements.

(a) Continuing Planning and Engineering. All such costs are subject to cost sharing, if incurred on or after 1 October 1985.

(b) Advance Engineering and Design.

e. Construction. The draft PCA is sent through RM for comment to insure the PCA cost sharing provisions will track and comply with established accounts. Coordination and accounting mechanisms will be established for: allocating and tracking non-Federal sponsor cash contributions, crediting for the value of authorized and approved Lands, Easements, Rights-of-Way, and initial and final Relocations, and Disposal Areas (except for general navigation projects/features), Section 104/215 and other authorized credits to the non-Federal sponsor's cost share; and distribution of charges against Federal and non-Federal sponsor accounts. Project cost estimates reflecting the detailed current schedule and cost share requirements are prepared annually by the project manager/programmer. The project programmer creates and updates the Cost Share Control Record in CEFMS that includes this summarized information annually.

(1) Non-Federal sponsor contributions of Project Cost. The non-Federal sponsor cost sharing and project financing responsibilities must be determined for each project based upon the statutory authority as spelled out in the cost sharing agreement and the project. Except as discussed in the next paragraph, the non-Federal sponsor must provide its share of total project costs during the period of construction. The non-Federal sponsor has flexibility to determine whether to make the total estimated non-Federal share of construction cost available prior to the start of construction or incrementally over the period of construction. The specific policy is generally outlined in ER 1165-2-131 and updated by Policy and Project Management Guidance Letters listed on the Planning and Policy Website.

(2) Authorities Allowing Deferred Payment by the non-Federal sponsor.

(a) For commercial navigation projects, Section 101(a)(1) of WRDA 86 provides that a portion of the non-Federal sponsor's share will be paid during construction. Section 101(a)(2) of WRDA 86 requires an additional 10 percent of the cost of general navigation features to be paid by the non-Federal sponsor over a period not to exceed 30 years at an interest rate determined pursuant to Section 106 of WRDA 86.

(b) In special circumstances (see ER 1165-2-131) where non-Federal sponsors request, non-Federal sponsor financing may be deferred under Sections 101(d) and 103(l) if approved by the Assistant Secretary of the Army (Civil Works) (ASA (CW)). In such an instance, the Government will finance the construction costs from Federal appropriations and the non-Federal sponsor will repay its share over time, plus interest at a stated rate. When this approach is taken, Interest During Construction (IDC) will be assessed, as well as interest during the repayment phase, since the Government is incurring an interest cost in financing the non-Federal share. All interest will be recorded in the Federal project account as miscellaneous receipts funds returned to the U.S. Treasury. Interest methodology is defined in ER 1165-2-131, Appendix I. This methodology will be followed for all projects subject to the provisions of WRDA 86, P.L. 99-662,



but will not be retroactively applied to projects when construction was begun under previous legislative authorities.

f. Flood Control and Coastal Emergencies.

(1) Cost-sharing provisions under natural disaster procedures specified in ER 500-1-1 require that 20 percent of the cost to rehabilitate a non-Federal levee be provided by non-Federal sponsors. This contribution may be cash or in-kind services provided during the period of construction.

(2) In certain circumstances, notably for construction of wells to provide emergency drinking water, any construction of wells by USACE will be paid by the applicant. USACE may construct wells only when commercial or other sources cannot construct them within a reasonable time. The purpose of the well will be for human and livestock consumption only.

Reference ER 500-1-1.

g. Inland Waterways Transportation. Projects authorized under Section 102 of WRDA 86 are to be financed in part through transfer appropriation 96-20X8861 (Inland Waterways Trust Fund). The Inland Waterways Trust Fund will be used to pay 50 percent of total construction cost. The term "construction" as used in Section 102 of WRDA 86 includes planning, designing, engineering, surveying, the acquisition of all lands, easements, and rights-of-way necessary for the project, including lands for disposal of dredged material, and relocations necessary for the project.

h. Operation, Maintenance, Repair, Replacement and Rehabilitation (OMRR&R). The non-Federal cost of OMRR&R of projects shall be in accordance with the statutory authority for the project.

i. Reimbursement For Advance Non-Federal Construction of Authorized Federal Harbors and Inland Harbor Improvement.

(1) Section 204(e) of WRDA 86, as amended, provides authority to reimburse a non-Federal sponsor for construction of an authorized Federal harbor or inland improvement or separable element thereof provided that certain statutory requirements are met.

(2) In accordance with the statutory authority, after project authorization and before initiation of construction of the project or separable element, the Secretary of the Army must approve the plans of construction of the project by the non-Federal interest, the non-Federal interest must execute an agreement to pay the non-Federal share, if any, of the cost of operation

and maintenance of the project, and the Secretary must determine before plan approval that the project or separable element of the project is economically justified and environmentally acceptable. Reimbursement cannot be made until appropriated funds are available and the Secretary has certified that the work has been performed in accordance with applicable permits and approved plans.

j. Lands, Easements, Rights-of-Way, Relocations and Disposal Areas (LERRD).

(1) In addition to cash requirements, the non-Federal sponsors are required, under many project authorities, to provide all lands, easements, rights-of-way, and to perform or assure performance of relocations (see paragraph (3) below) or bear the costs of such work if performed by the Government on behalf of the non-Federal sponsor. Except for commercial navigation projects, non-Federal sponsors also are generally required to provide all dredged or excavated material disposal areas.

For commercial navigation projects, the non-Federal sponsor does not generally provide dredged material disposal areas. They must provide the underlying lands, but the disposal area features will be treated as cost shared general navigation features. However, in order to determine the responsibility for a specific project, the statutory authority for the project must be examined. (See ER 1165-2-131 and chapter 12 of ER 405-1-12.)

(2) The non-Federal sponsor shall receive credit toward its share of total project costs for the fair market value of the lands, easements, and rights-of-way that it provides for the project and for the incidental costs of acquiring such interests. Fair market value, and the credit amount to be afforded shall be determined in accordance with the requirements of the cost-sharing agreement executed by the Government and the non-Federal sponsor.

(3) The general policy for performing and cost sharing of relocations, removal or alteration of highway bridges, railroad bridges, utilities and certain structures has been addressed in a series of policy guidance letters (PGL Nos. 1, 2, 2R 44 and 45). They may be found on the web at:

[http://www.usace.army.mil/inet/functions/cw/cecwp/branches/guidance\\_dev/pgls/pgl101.htm](http://www.usace.army.mil/inet/functions/cw/cecwp/branches/guidance_dev/pgls/pgl101.htm)

[http://www.usace.army.mil/inet/functions/cw/cecwp/branches/guidance\\_dev/pgls/pgl02.htm](http://www.usace.army.mil/inet/functions/cw/cecwp/branches/guidance_dev/pgls/pgl02.htm)

[http://www.usace.army.mil/inet/functions/cw/cecwp/branches/guidance\\_dev/pgls/pgl02r.htm](http://www.usace.army.mil/inet/functions/cw/cecwp/branches/guidance_dev/pgls/pgl02r.htm)

[http://www.usace.army.mil/inet/functions/cw/cecwp/branches/guidance\\_dev/pgls/pgl44.htm](http://www.usace.army.mil/inet/functions/cw/cecwp/branches/guidance_dev/pgls/pgl44.htm)

[http://www.usace.army.mil/inet/functions/cw/cecwp/branches/guidance\\_dev/pgls/pgl45.htm](http://www.usace.army.mil/inet/functions/cw/cecwp/branches/guidance_dev/pgls/pgl45.htm)

Specific project statutory authority may provide a different cost-sharing responsibility.

k. Methods for Providing Non-Federal Funds.

(1) General. For projects involving a single or lump sum contract to be completed in one fiscal year or a project that will be completed in one fiscal year, the non-Federal sponsor shall provide its full cash requirement on or before the scheduled date of issuance of the solicitation of the first construction contract. For projects that will take more than one fiscal year to complete, the non-Federal sponsor may provide its share in periodic payments. The timing of these payments may be on a Federal fiscal year, quarterly, or fiscal year of the non-Federal sponsor basis in accordance with the cost-sharing agreement for the project. The non-Federal sponsor's payment may be made by any of the methods of payment (check, escrow account, letter of credit, or electronic funds transfer) outlined in the cost-sharing agreement executed by the Government and the non-Federal sponsor.

(2) Check.

(3) Escrow Accounts.

(a) Non-Federal sponsors of water resource projects, especially those projects that will be constructed over a period of years, may wish to provide their required contributions in an interest bearing escrow account. The escrow account provides a means for the non-Federal sponsor to earn interest on its funds and ensures that funds are available for use immediately by the Government when needed. Funds are not available for obligation purposes by the Government until withdrawn from the non-Federal sponsor's escrow account and deposited into the U.S. Treasury. Usually, the District Commander or another designated official for deposit will withdraw funds in escrow into the U.S. Treasury in increments as needed. Approval from HQUSACE (CECC-G) is required only when escrow agreements differ from the model escrow agreement. Further discussion is provided in ER 1165-2-30, ER 1165-2-131, ER 37-1-30, in Memorandum, CECC-ZA, 8 October 1997, subject: Escrow Agreements in Support of Agreements Other than Project Cooperation Agreements, as amended by Memorandum, CECW-PG, 28 September 2000, Subject: Revision to Model Escrow Agreement, and references cited therein.

(1) The model escrow agreement found in those ERs has been modified. The revised model is located at the following Internet address:  
[http://www.usace.army.mil/civilworks/cecwp/branches/policy\\_compliance/ccpca.htm](http://www.usace.army.mil/civilworks/cecwp/branches/policy_compliance/ccpca.htm)

(b) Escrow accounts must meet certain criteria. The financial institution must be financially secure. The financial institution that holds the escrow account must hold a national charter (i.e., be a member of the Federal Reserve) or at least be insured by the Federal Deposit

Insurance Corporation (FDIC). In addition, the deposit of funds must be irrevocable. The non-Federal sponsor must not be able to withdraw the funds until the Government has certified that no additional funds will be needed. The funds will not be used for speculative investment. Any investment by the financial institution must be a direct obligation of the Federal Government (e.g., Treasury bills) or obligations of Federal agencies guaranteed by the Federal Government (e.g., certificates issued by the Government National Mortgage Association), or in a money market mutual fund consisting solely of such obligations.

(4) Letter of Credit. The non-Federal sponsor may wish to provide an irrevocable letter of credit for its share of project costs. A letter of credit is similar to an escrow account. With a letter of credit, a financial institution guarantees to the Federal Government that funds are available upon request from the non-Federal sponsor to meet the required cash outlays. HQUSACE (CECC-G) must approve the letter of credit. A suggested example of a letter of credit has been placed on the HQUSACE Civil Works website at:

[http://www.usace.army.mil/civilworks/cecwp/branches/policy\\_compliance/ccpca.htm](http://www.usace.army.mil/civilworks/cecwp/branches/policy_compliance/ccpca.htm)

(5) Electronic Funds Transfer.

(6) Deferred Payments. Deferred payments by non-Federal sponsors are covered in ER 1165-2-131 and the mechanisms would need to be specifically provided in the project cooperation agreement.

(7) There are occasions when non-Federal sponsors may wish to meet their cost sharing responsibilities at least in part with funds they have received from the Government. As a general rule, non-Federal shares of project cost are to be satisfied through the use of non-Federal funds. Federal funds may not be used to meet the non-Federal sponsor's share of project costs unless the expenditure of such funds is expressly authorized by statute as verified in writing by the granting agency. (See ER 1165-2-131.)

1. Voluntary contributions for recreation and natural resources activities, 33 USC 2325.

(1) Acceptance. USACE is authorized to accept contributions of cash, funds, materials, and services from persons, including governmental entities but excluding the project sponsor in connection with management of recreation and natural resources activities at water resources development projects.

(2) Deposit. Any cash or funds received shall be deposited in the U.S. Treasury into account "Contributions and Advances, Rivers and Harbors, Corps of Engineers (96X8862)" and shall be available until expended.

m. Challenge Partnership Agreements program for the management of recreation and natural resources activities, 33 USC 2328.

(1) General. USACE is authorized to develop and implement a program to share the cost of managing recreation and natural resources activities at water resources development projects.

(2) Cooperative agreements. To implement this program, USACE is authorized to enter into cooperative agreements with non-Federal public and private entities to provide for operation and management of natural resources activities at Civil Works projects.

(3) Contributions. USACE may accept contributions of funds, materials, and services from non-Federal public and private entities for the Challenge Partnership Agreements program. Any funds received shall be deposited in the U.S. Treasury into account "Contributions and Advances, Rivers and Harbors, Corps of Engineers (96X8862)" and shall be available until expended.

#### 13-3. Procedures.

a. Cost Shared Accounting Procedures can be found at:  
<http://www.usace.army.mil/inet/functions/rm/finance/finance.htm>

b. ~~Financial Management System~~. The Corps of Engineers Financial Management System (CEFMS) user manual at <http://rmf31.usace.army.mil/cefmsdoc> provides detailed financial system procedures for cost sharing management.

## APPENDIX A

### Required Publications

P.L. 99-662 (The Water Resources Development Act of 1986)

P.L. 100-676 (The Water Resources Development Act of 1988)

P.L. 106-541 (The Water Resources Development Act of 2000)

38 Stat. 1053; (Rivers and Harbor Act of 1915) 33 U.S.C. 560, Section 4

OMB Circular A-87 (Cost Principles for State and Local Governments)

EFARS (Engineer Federal Acquisition Regulation Supplement)

ER 37-1-30 (Accounting and Reporting)

ER 405-1-12 (Real Estate Handbook)

ER 500-1-1 (Natural Disaster Procedures)

ER 1105-2-100 (Guidance for Conducting Civil Works Planning Studies)

ER 1165-2-30 (Acceptance and Return of Required, Contributed or Advanced Funds for Construction or Operation)

ER 1165-2-120 (Reimbursement for Advance Non-Federal Construction of Federally Authorized Harbor and Inland Harbor Improvements)

ER 1165-2-131 (Project Cooperation Agreements for New Start Construction Projects)

## APPENDIX B

### Final Accounting Report

13-B-1. The terms of the FCSA, PCA, and Design Agreement require that the Corps must provide the non-Federal sponsor with a final accounting report of total study/project cost. The project manager and the F&A office will prepare the final accounting report. The project manager, RM representative and non-Federal sponsor may develop the final accounting report format during the preliminary negotiations of the FCSA or PCA. It is recommended that a draft report format be presented to the non-Federal sponsor for concurrence. The F&A office must ensure that the final report agrees with the cost recorded in the official accounting records (CEFMS). Commanders and project managers must ensure that responsibilities are clearly assigned, since the report may require a billing or refund to the non-Federal sponsor. An independent review of the final accounting report must be performed prior to billing or returning funds to the sponsor. CEIR reviews the USACE records and DCAA reviews the sponsor records.

13-B-2. The percentage of total project cost which the non-Federal sponsor must provide is normally a joint effort between Project Management, Resource Management, Counsel, and Real Estate and determined based on Federal laws. Under P.L. 99-662, cost sharing requirements for certain project feature/purposes are different from others. The final accounting report must contain clear splits where different project purposes exist. The cost accountant must coordinate with the project manager to determine if different project purposes are involved and hence the applicable cost share percentages have been established prior to start of work.

13-B-3. The terms of the model FCSA require that the final accounting report of study cost be provided to the non-Federal sponsor within 90 days of the study completion. The terms of the FCSA require the following items to be included in the final accounting report:

- (1) Government disbursement of Federal Funds.
- (2) Cash contributions from the sponsor.
- (3) Credits for the negotiated cost of the non-Federal sponsor.

Within 30 days after the final accounting report, the Government shall refund to the sponsor the excess of cash contributions and credits over 50 percent of total study cost, if any, subject to the availability of appropriation funds. Within 30 days after the final accounting report, the non-Federal sponsor shall provide the Government any cash contributions required so that total sponsor's share equals 50 percent of total study cost.

13-B-4. The terms of the PCAs for civil works projects require the Corps, upon completion of construction and resolution of all relevant claims and appeals, to compute total cost of construction and tender to the non-Federal sponsor a final account of the sponsor's share of total project cost. The final accounting report should be provided within 90 days.

a. In the event that the total contributions by the non-Federal sponsor are less than its required share, the sponsor shall, no later than 90 calendar days after receipt of written notice, make cash payment to the Government to meet its required share of project cost.

b. Structural flood control model PCA. See Article VI D for requirements regarding refund of the non-Federal sponsor's contribution.

c. Harbor model PCA.

13-B-5. If interest on deferred payments or during construction applies, it must be computed as earned and reflected in the final accounting report for proper accounting and to preclude allegations that the Corps failed to disclose all cost.



## CHAPTER 14

### FINANCIAL REPORTING AND ACCOUNTING TREATMENT FOR MULTIPLE - PURPOSE PROJECTS WITH POWER

<u>Topic</u>	<u>Paragraph</u>	<u>Page</u>
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Policy	14-2	14-1
Accounting Procedures	14-3	14-6
Appendix A -- List of Authorized Purposes, Plant Items, and Retirement Units of Property With Service Lives for Corps of Engineers Multiple – Service Projects		14-A-1
Appendix B – Specimen Financial Statements		14-B-1

## CHAPTER 14

### ACCOUNTING TREATMENT FOR MULTIPLE-PURPOSE PROJECTS

#### 14-1. General.

a. This chapter applies to all field operating activities that operate multiple-purpose hydroelectric projects, which furnish electricity for resale to the public. It provides procedures for reporting financial and technical data for the hydroelectric power generating projects, cost and asset accounting and reporting policy; operational instructions; general guidance and instruction for preparation of the EIA-412, Annual Report of Public Electric Utilities and examples of project financial statements.

b. One of the nation's most promising energy alternatives is hydroelectric power – electricity produced by flowing water. Many Corps projects, which were built primarily for navigation improvement, flood control and other purposes, are also used to create hydroelectric power. The Corps of Engineers has been actively involved in building and operating hydroelectric projects since the 1930s.

c. Annually, the financial activity and financial position of hydroelectric projects are provided in financial statements prepared by Corps District Offices in accordance with Generally Accepted Accounting Principles (GAAP). The U.S. Army Corps of Engineers (USACE) prepares financial statements that include financial information prepared in accordance with accounting standards provided by the Federal Energy Regulatory Commission (FERC). The American Institute of Certified Public Accountants has designated Federal Accounting Standards Advisory Board (FASAB) as the source of GAAP for Federal entities.

#### 14-2. Policy.

a. When a multiple-purpose power project is authorized and funded by Congress, the authorization includes the purposes for which the project is to be constructed. A multiple-purpose power project is one that serves more than one function and is authorized by congress.

b. A purpose is defined as the type of function that the project provides. See authorized purposes at Appendix A. Costs incurred at multiple-purpose power projects are either reimbursable or non-reimbursable. Generally, construction, operations and maintenance costs at projects for power, irrigation and/or water supply purposes are reimbursable. Costs for generating hydroelectric power are recovered through the marketing and selling of power to commercial activities. Power Marketing Agencies (PMA) under the Department of Energy performs this function. These agencies also bill and collect funds for the electricity that is sold and deposit

funds on behalf of the USACE. Non-reimbursable costs are borne entirely by the Federal Government.

c. Project Costs. Generally, projects incur costs that are for both specific and joint purposes.

(1). Joint purpose costs. Joint purpose costs are costs that are to be shared by various authorized purposes of the project and cannot be attributable to a single project purpose. Joint purpose costs always include the power purpose. These costs are distributed to project purposes based on joint cost allocation percentages. A determination of these percentages are made by a Cost Allocation Study, which is prepared in accordance with “Planning – Planning Guidance Notebook”, ER 1105-2-100:

<http://www.usace.army.mil/inet/usace-docs/eng-regs/er1105-2-100/toc.htm>

There is one set of joint allocation percentages for construction costs and another for operations and maintenance (O&M) costs.

(2). Specific purpose costs. Specific purpose costs are those costs that can be attributable to a single purpose. A project can have more than one specific purpose, such as power or recreation.

(3). Both joint and specific costs include: repayment of construction costs; interest during construction; interest to operations, which is calculated and booked by the PMAs; and annual operation and maintenance expenses. USACE maintains cost and income accounting records for multiple-purpose power projects, regardless of budgetary classification, that distinguishes between annual specific and joint O&M costs and construction costs. The Corps’ accounting system makes this distinction through the use of purpose codes and work category codes. Costs incurred for only one purpose under any work category code should be separately identified and allocated to only that purpose. Purposes not included in initial project authorization do not share joint costs unless there is a post-authorization change to the project.

d. Provisions for asset accounting by the Corps is provided in the CEFMS Asset Management User’s Manual:

[http://rmf31.usace.army.mil/cefms/doc/user\\_manuals/asstmgmt.pdf](http://rmf31.usace.army.mil/cefms/doc/user_manuals/asstmgmt.pdf)

e. Additions and Replacements. The policy on additions and replacements, signed by the Department of Energy and the Acting Assistant Secretary of the Army (Civil Works) in 1984, provides that each addition and replacement will be repaid by the Power Marketing Agency at the rate of interest applicable to the fiscal year in which construction is initiated or the addition or replacement is purchased.

(1). If the addition or replacement requires more than one year to complete, the item will accrue Interest During Construction (IDC) from the time construction begins, and will be charged until such facility is transferred to Plant In Service (PIS). At the end of the fiscal year prior to completion, the interest obligation shall be added to the cost of the facility to be charged interest for subsequent periods. Upon completion, IDC and the construction costs will be transferred to PIS.

(2). If the addition or replacement is completed within one fiscal year, no IDC will be computed.

f. Depreciation. All multiple purpose project assets, other than fee-simple land payments, will be subject to depreciation. Depreciation will be based on book cost of the capitalized asset, plus IDC and any contributions in aid of construction. Effective 1 Oct 1989, the straight-line method of depreciation is used. Monthly rates will be applied to PIS accounts and such rates will be based on the estimated service lives of the depreciable assets. All depreciation will be recorded under the owning appropriation of the assets and will be classified by project purpose.

g. Interest During Construction (IDC). During the period of constructing a project or additions and betterments, interest on the costs of construction, including land costs, and other project costs related to construction for each month, will be computed as simple interest from the middle of that month until the end of the current fiscal year. Interest on previously accounted costs including accumulated interest will be compounded annually on the last day of each fiscal year and on the date of transfer to Plant In Service (PIS). IDC is computed for all purposes at the authorized rate except water supply. The construction phase is initiated when land is purchased or a construction contract is awarded, whichever occurs first. Interest will be based on all accumulated costs including previous interest costs and excluding costs incurred under contributions in aid of construction from other than Federal Agencies. IDC will be recorded in the accounts not later than the end of each current fiscal year. IDC costs will be held in

Construction in Progress, general ledger account 1720.10, work category code 71000, Undistributed Interest, until the asset is transferred to PIS. At that time, the applicable portion of the interest, together with the other costs representing the completed asset, will be transferred to the appropriate PIS accounts. The contra credit for IDC will be reflected in work category code 92000, Interest on Government Investment, general ledger account 7190.50, Interest on Government Investment. The interest rate will be the authorized rate at the time construction begins.

h. Revenues Forgone. Revenues forgone to hydropower are the reduction in revenues accruing to the Treasury as a result of the reduction in hydropower outputs based on the existing rates charges by the power marketing agency. If hydropower projects are being reduced as a

result of a reallocation, the hydropower account will be credited for the amount of revenues to the Treasury forgone as a result of the reallocation. The amount of revenues forgone credit should be presented in the reallocation report that supported the water supply contract.

i. Water Supply.

(1). Where storage space for water supply in Corps of Engineers projects is provided under the authority of the Water Supply Act of 1958, as amended, the interest rate for the portion of the project applicable to water supply will be determined as prescribed by that Act.

(2). The Water Supply Act of 1958, as amended by the Water Resources Development Act of 1986, requires that before construction or modification of any project (including water supply provisions for present demand) is initiated, state or local interests shall agree to pay for the cost of such provisions. For Corps of Engineers projects, the Secretary of the Army may permit the full non-Federal contribution to be made, without interest, during construction of the project, or, with interest, over a period of not more than 30 years from the date of completion, with repayment contracts providing for recalculation of the interest rate at five-year intervals. Interest to construction will be recorded at the rate specified in the water supply contract.

j. Irrigation. For projects that have irrigation as a purpose, IDC computed on construction costs does not have to be repaid. Only the Federal construction costs are required to be repaid. Irrigation costs above the water users' ability to pay are to be repaid by revenues from surplus hydroelectric power sales and other miscellaneous project revenues without an interest charge.

k. Income. Income for the sale of hydroelectric power is collected by the PMAs and deposited into the federal treasury on behalf of the USACE. The PMAs report this income on their annual financial statements. It is not reported on the Corps' Revenue and Expense Statement to avoid double reporting.

l. EIA Form 412 Submission Requirements.

(1). Section 937 of the Water Resources Development Act of 1986, (Public Law 99-662) requires USACE to submit a report for each hydropower project to Congress by 15 January of each year.

(2). EIA Form Availability. EIA Form 412 is available at the following WEB Site:  
<http://www.eia.doe.gov/cneaf/electricity/page/forms.html>

(3). The Federal Energy Regulatory Commission Uniform System of Accounts

prescribed for Public Utilities and Licensees subject to the Federal Power Act applies to agencies of the United States engaged in the generation and sale of electric energy for ultimate distribution to the public. USACE will utilize these accounts for report preparation.

(4). Districts will submit Schedule 1 and 9 for each multiple purpose project including power to the e-mail address provided in the General Information section of the instructions. The report must be submitted within 4 months following the financial reporting year. All reports for the given calendar year must be submitted on or before 30 April.

(a). One copy of the report may be furnished to the Power Marketing Agency, as desired, concurrently with submission of the report to the Commander, U.S. Army Corps of Engineers, ATTN: CERM-F, Washington, DC 20314-1000.

(b). One copy furnished to appropriate division office.

m. Project Financial Statements.

(1). For each multiple-purpose project for which a Form EIA-412 is required, each district will prepare a Statement of Assets and Liabilities and a Statement of Revenues and Expenses for use by the Commander, U.S. Army Corps of Engineers. These supplemental statements will be prepared in substantially the same format used in Appendix B and in accordance with the system of accounts prescribed by FERC. Amounts chargeable to each project purposes will be shown separately. Whenever possible, the size of the supplemental statements will be limited to 8½" X 11". Amounts reported on the Forms EIA-412 should be in agreement with selected amounts shown in the power production columns of these statements.

(2). Financial Statements will be provided to the PMAs by 15 November of each year for the fiscal year ending 30 September XX. Further, one copy of each financial statement will be submitted to Commander, U.S. Army Corps of Engineers, ATTN: CERM-F, Washington, DC 20314-1000, not later than 15 December.

14-3. Procedures. Procedures for maintaining multipurpose hydroelectric power accounting records and producing financial statements can be found at:

[http://rmf31.usace.army.mil/cefms/doc/user\\_manuals/multi-pur\\_prep\\_doc.pdf](http://rmf31.usace.army.mil/cefms/doc/user_manuals/multi-pur_prep_doc.pdf)

ER 37-1-30  
Change 2  
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## APPENDIX A

### 14-A-1. Authorized Purposes for Multi-purpose Hydropower Projects:

#### Purpose

#### Code   Purpose

- 11   Power
- 12   Irrigation
- 13   Water Supply
- 14   Flood Control
- 15   Navigation
- 16   Recreation
- 17   Fish & Wildlife
- 18   Water Quality
- 19   Roads Above Replace-In-Kind
- 21   Stream Flow
- 22   Sonic Gage
- 23   Power Assigned to Irrigation Pumps
- 24   Off Site Power for Non-Federal Projects
- 25   Off Site Power for Federal Projects
- 26   Other
- 27   Area Development
- 28   WWII Suspension
- 99   Joint Costs

Account Number C of E	Principal Item	Sub - item	Plant Items	Serv Life Years	Retirement Units	Remarks.
01	330	1.	LANDS AND DAMAGES Fee Land (Payments to Owners)	-	Each parcel retired or added	Each parcel of land added to, or retired from, project plant will constitute a Replacement Unit. However, because retirement value of land is expected to equal the initial cost, this item will not be depreciated.
		2.	Easements, Lesser Interest	100	None	Costs of easements, lesser interest, resettlements, damages, and Government cost of acquiring lands and land rights, are not recoverable as retirement (salvage) receipts upon termination of the project.
		3.	Land Acquisition Expenses	100		Therefore, these items must be amortized over the project life.
02	330	1.	RELOCATIONS Lands and Damages Fee Land (Payments to Owners)	-	None	Land acquired for the purpose of relocating the property of others initially acquired by the Government and is subsequently transferred to the owners of the property which requires relocation. In exchange, title to the land upon which the property to be relocated is situated is transferred to the Government. Consequently, the purchase price of the land acquired for the relocation substantially reflects the unrecorded purchase price of the fee-owned land ultimately acquired by the Government as a result of the exchange. The purchase price of fee-land acquired for the
		b.	Easements, Lesser Interest	100	None	relocation should therefore not be amortized. All other costs incurred in connection with relocations represents intangible plant costs to be amortized over the project life.
		c.	Resettlements and Damages Land Acquisition Expenses	100	None	
03	332	2.	Construction Cost, including payments for relocation by owners	50	None	
		1.	RESERVOIRS Basic Features, excluding other principal items listed	100	Complete item, including sub-items b-d	
		a.	All components not listed elsewhere			
		b.	(Rescinded)			
		c.	(Rescinded)			
		2.	Timber Structures Bulkheads Retaining Walls Docks, Piers, and Moving Facilities	25	Complete item, including sub-items a-c Each structure, complete " " " " " " " " "	
		3.	Floating Trash Booms, Complete	25	Each independent facility, Complete	



Account Number		Principal Item	Sub - item	Plant Items	Serv Life Years	Retirement Units	Remarks.
C of E	FERC						
04	-			DAMS AND OTHER WATER			
041 & 042	332	1.		MAIN DAM AND SPILLWAY Basic Structure, excluding other principal items	100	Complete structure, including subitems a-m	Including outlet conduits, as applicable, when an integral part of the Non-overflow Structure.
			a.	Non-overflow Structure, Complete excluding applicable subitems c-o		Structure, Complete	
			b.	Spillway Structure, Complete excluding applicable subitems c-o		Structure, Complete	Including outlet conduits, as applicable, when an integral part of the Spillway Structure.
			c.	Crane, Complete (excluding Mobile and Crawler type)	50	Crane, Complete	
			d.	Gate, Spillway	50	Gate, Complete	
			e.	Machinery, Gate Hoist	50	Complete System for one gate	
			f.	Power System, excluding Power Boards and Engine Generator Sets 100-kw and over		Complete System	
			g.	Lighting System, excluding Lighting Board and Attached Accessory Equipment		Complete System	
			h.	Lifting Beams	50	Complete Set of all Beams related to Main Dam	Includes lifting beams for outlets.
			i.	Stoplogs and Bulkheads		Complete Set for a particular system, such as for entire spillway	Includes stoplogs and bulkheads for outlets.
			j.	Compressed Air Systems, excluding Compressors 100 cfm and over		Complete System	
			k.	Water Systems, excluding piping	40	Complete System	Includes "packaged units" for water and sewage.
			l.	Sewer System, excluding piping	40	Complete System	Includes "packaged units" for water and sewage.
			m.	All components not listed elsewhere		None	
			n.	Gate, Outlet		Gate, Complete	
			o.	Machinery, Gate Operating, Outlet	50	Complete System for one gate	Applicable only when the outlet works (other than power intake works) are an integral part of a dam structure.
							Applicable only when the outlet works (other than power intake works) are an integral part of a dam structure.
		2.		Elevator, Complete with Operating Mechanism, excluding embedded parts	40	Elevator, Complete	
		3.		Engine Generator Set, 100-kw and over	40	Generator Set, Complete	
		4.		Main Power and Lighting Boards, complete with attached Accessory Equipment	35	Board Complete	Standby power source.
		5.		Air Compressors, Complete, 100 cfm and over	25	Compressor, Complete	
		6.		Floating Trash Boom, Complete	25	Each independent facility, complete	
		7.		Reserved			
		8.		Trash Racks	75	Complete Set for one Outlet	Applicable only when the outlet works (other than power intake works) are an integral part of a dam structure. Installed cost of removable portion of trash racks only should be included here.
		9.		Trash Removal Equipment	40	Independent system, complete	

Account Number C of E	Principal Item	Sub - item	Plant Items	Serv Life Years	Retirement Units	Remarks.
043	332	1.	Outlet Works (Exclusive of Power) Basic Features, excluding other principal Items Steel Access Bridge Tunnels and Water Conduits Compressed Air System, excluding Compressors 100 cfm and over Water System, excluding piping Sewer System, excluding Power Boards Power System, excluding Power Boards and Engine Generator Sets 100-kw and over Lighting System, excluding Lighting Board and Attached Accessory Equipment Stilling Basin Stoplogs and Bulkheads Gate Machinery, Gate Operating Crane, Complete (excluding Mobile and Crawler types) Lifting Beams All components not listed elsewhere	100	Complete Item, including subitems a-n Bridge, Complete Tunnel or Conduit, complete  Complete System Complete System Complete System  Complete System  Complete System Complete facility Complete Set for all Outlets Gate, Complete Complete System for one Gate  Crane, complete Complete Set of all beams related to Outlet Works None	
		2.	Elevator, Complete with Operating Mechanism excluding embedded parts	40	Elevator, complete Generator Set, complete	
		3.	Engine Generator Sets 100-kw or over	40	Complete set for one outlet included here	
		4.	Trash Racks	75	Gate, Complete Board, complete	Installed cost of removal portion of trash racks only should be included here.
		5.	Power and Lighting Boards, complete with attached Accessories	35	Complete System for one gate	
		6.	Air Compressor, complete, 100 cfm or over	25	Compressor, Complete	Does not include unattached air receivers.
		7.	Timber Access Bridge	25	Bridge, Complete	
		8.	Roof covering, 3,000 sq. ft. and over	20	Complete roof covering for one building or structure	
		9.	Trash Removal Equipment	40	Independent system, complete	
			POWER INTAKE WORKS			
		1.	Basic Features, excluding other principal Items Steel Access Bridge Tunnels and Water Conduits Surge Tanks Penstock Gates Machinery, Gate Operating	100	Complete Item, including subitem a-p Bridge, Complete Tunnels or Conduits, complete Tank, complete Penstock, complete Gate, Complete Complete System for one Gate	
		a.				
		b.				
		c.				
		d.				
		e.				
044	332					

Account Number		Principal Item	Sub-item	Plant Items	Serv Life Years	Retirement Units	Remarks.
C of E	FERC						
044	332			POWER INTAKE WORKS (CONTD.)			
			g.	Cranes, Complete (excluding Mobile and Crawler types)	50	Crane, complete	
			h.	Stoplogs and Bulkheads		Complete Set for all Intakes	
			i.	Lifting Beams	50	Complete Set for all beams related to Power Intakes	
			j.	Plumes, Concrete or Steel		Complete System	
			k.	Lighting System, excluding Lighting Boards and Attached Accessory Equipment		Complete System	
			n.	Water System, excluding piping	40	Complete System	
			l.	Compressor Air System, excluding compressor		Complete System	
			m.	Power System, excluding Power Boards		Complete System	
			n.	and Engine Generator Sets 100-kw and over		Complete System	
045	332		o.	Sewer System, excluding piping	40	Complete facility	Including applicable portion of the mass concrete structure.
			p.	All components not listed elsewhere		Complete System - Package Unit None	
		2.		Elevators, Complete with Operating Mechanism, excluding embedded parts	40	Elevator, complete	
		3.		Engine Generator Sets 100-kw and over	40	Generator Set, Complete	
		4.		Trash Racks	75	Complete Set for one Penstock	Installed cost of removable portion of trash racks only should be included here.
		5.		Main Power Lighting Boards, complete Unit with Attached Accessories			
		6.		Air Compressors, complete, 100 cfm and over	35	Board, complete	
		7.		Timber Flumes	25	Compressor, Complete	Does not include unattached air receivers.
		8.		Use same property items as	25	Complete System	
		9.		Roof covering, 3,000 sq. ft. and over	20	Each independent facility, complete	
046	332			Trash Removal Equipment	40	Complete roof covering for one building or structure	
						Independent system, complete	
				AUXILIARY DAMS			
				Use same property items as prescribed for Account 041 - MAIN DAMS, as applicable		Same retirement unit as prescribed for Account 041 - MAIN DAMS as applicable.	
				MUNICIPAL AND INDUSTRIAL WATER DELIVERY FACILITIES			
				Use same property items as prescribed for Account 044 - POWER INTAKE WORKS, as applicable		Same retirement unit as prescribed for account 044 - POWER INTAKE WORKS, as applicable.	

Account Number		Principal Item	Sub - item	Plant Items	Serv Life Years	Retirement Units	Remarks.
05	C of E	FERC 332		LOCKS			
				a. Basic Features, excluding other principal Items	50	Complete Item, including subitems a-o	
			b.	Structure, excluding Timber Structures Gates		Structure, complete	
			c.	Machinery, Gate Operating		Miter Gate, consisting of right and left Gate	
			d.	Control House, separate from Lock Structure		Leaves, complete; or gate complete for other type.	
			e.	Operating Building, Concrete (excluding replaceable roofs 3,000 sq. ft. and over)		Complete System for one Gate	
			f.	Water System	40	Control House, complete	
			g.	Sewer System	40	Building, complete	
			h.	Heating and/or Ventilating System		Complete System	
			i.	Filling and Emptying Valves and Operating Equipment		Complete System	
			j.	Lighting System excluding Lighting and attached Accessory Equipment		Complete System	
			k.	Compressed Air System, excluding Compressors 100-cfm and over		Complete System	
			l.	Main Power System, excluding Power Boards and Engine Generator Sets 100-kw and over		Complete System	
			m.	Stoplogs and Bulkheads		Complete Set, for all Systems	
			n.	Cranes, complete, excluding Mobile and Crawler types	50	Crane, complete	
			o.	All Components not listed elsewhere Operating Buildings, other than Concrete, not part of Lock Structure, excluding Control Houses, excluding replaceable roofs 3,000 sq. ft. and over per building		None	
		2.		Radio towers, 80 feet and over	50	Building, complete	
		3.		Elevator, complete, with Operating Mechanism, excluding embedded parts	50	Tower, complete	
		4.		Engine Generator Sets, 100-kw and over	40	Elevator, complete	
		5.		Main Power, Lighting and Control Boards, complete with attached accessories	40	Generator, Set, complete	
		6.		Air Compressors, complete, 100 cfm and over	35	Board, complete	
		7.		Moorage and Lock Approach Structures Guide Walls, Dolphins and other Guide Structures, timber	25	Compressor, complete	
		8.				Structure, complete	Does not include unattached air receivers.

Account Number		Principal Item	Sub - item	Plant Items	Serv Life Years	Retirement Units	Remarks.
05	332	9.	a.	LOCKS (CONTD)			
			b.	Mooring Dolphins and other Facilities for Temporary Moorage Water-borne Traffic Bulkheads and retaining Walls Roof Coverings, 3,000 sq. ft. and over per building	20	Structure, complete Structure, complete Complete Roof Covering for one building or structure	Includes all radio or microwave communication equipment provided exclusively for navigational communications. Buildings provided for communications exclusively to be included under Item 1e or 2, above, as applicable.
06	(*)	10.		Radio communications equipment location including transmitter, receiver power supplies, auxiliary generators, batteries, cables, and antennas, but excluding land and improvements, buildings, and tower 80 feet and over	15	Complete System	
				FISH AND WILDLIFE FACILITIES			
			1.	Fishladders Structure, including Collection Channel and Training Walls	100	Complete, including subitem a-o Independent Structure, complete	
			b.	Weirs		Complete System for one Fishladder	
			c.	Stoplogs		Complete Set for all Fishladders	
			d.	Valves, Gates and Operating Machinery	50	Complete System for one Fishladder	
			e.	Other Fishladder components not listed elsewhere		None	
		2.		Fish Elevator and Fishlocks, complete with Operating Mechanism, excluding embedded parts	50	Complete Set, for all Systems Elevator or lock, complete	
		3.		Fish Propagation Facilities not otherwise listed	50	Facility, complete	
		4.		Wildlife Preservation Facilities not otherwise listed	50	Facility, complete	
		5.		Buildings, concrete, excluding replaceable roofs 3,000 sq. ft. and over per building	50	Building, complete	
		6.		Buildings, other than Concrete, complete, excluding replaceable roofs, 3,000 sq. ft. and over per building	50	Tower, complete	
		7.		Fish Attraction Water Pumps and Motors under 250 hp	50	Building, complete	
		8.		Pump, Impeller, 1,500 hp and over	30	Complete Set of all pumps and motors	
		9.		Pump, Impeller, 250-1,499 hp	40	Impeller, complete	
		10.		Pump motor, Stator Winding, 1,500 hp and over	30	Impeller, complete	
		11.		Pump motor, Stator Winding, 250-1,499 hp	35	Stator Winding, complete (less Stator Iron)	
		12.		Pump motor, Thrust Bearing, 1,500 hp and over	20	Stator Winding, complete (less Stator Iron)	
					35	Thrust Bearing, complete	

(\*) May be either FERC account 331 or 332

(\*) May be either FERC account 331 or 332

Account Number		Principal Item	Sub - item	Plant Items	Serv Life Years	Retirement Units	Remarks.
071	331			POWER HOUSE			
			b.	Water System, Potable and Raw Water		System, Complete	
			c.	Sewer Systems		System, Complete	
			d.	Heating and Ventilating Systems		System, Complete	
			e.	All Components not listed elsewhere		None	
		2.		Intake Structure (when integral part of powerhouse)	100	Complete structure, including subitems a-f	
			a.	Lifting Beams		Gate, complete	
			b.	Intake Gates		Complete Set of all Intake Beams	
			c.	Machinery, Gate Operating		Complete System for one Gate	
			d.	Stoplogs and Bulkheads		Complete Set of all gates	
			e.	Cranes, complete, excluding Mobile and Crawler types		Crane, complete	
			f.	All Components not listed elsewhere		None	
		3.		Elevator, complete, with Operating Mechanism, excluding embedded parts	40	Elevator, complete	
		4.		Trash Racks	40	Complete Set for one generating Unit	
		5.		Floating Trash Booms	25	Each independent facility, complete	
		6.		Roof coverings, 3,000 sq. ft. and over	20	Roof Covering, complete for one Structure	
				TURBINES AND GENERATORS INCLUDING STATION SERVICE			Installed cost of removable portion of trash racks only should be included here.
		1.		Turbines (excluding components listed separately in Items 4 thru 12 below)	50	Complete turbine, including subitems a-f	
072	333		a.	Wicket Gates		Complete Set for one unit	
			b.	Shaft, including Kaplan Blade Control not located in the hub		Complete Set, for all Systems	
				Butterfly Valves		Shaft, complete for one unit	
			c.	Pressure Regulators		Complete Set for all unit	
			d.	Embedded Turbine Parts		Complete Set for all units	
		2.		All Components not listed elsewhere		Complete Set for one unit	
				Generators (excluding components listed separately in Items 4 thru 12 below)		None	
			a.	Stator, complete, excluding winding	50	Complete Generator, including items a-d	
			b.	Shafts, including Thrust Collar		Stator, complete	
			c.	Air Coolers and Piping furnished as part of a Generator (Main units only)		Shaft, complete	
			d.	All Components not listed elsewhere	40	System, complete for one unit	
		3.		Governors (excluding components listed separately in Items 4 thru 12 below)		None	
				Rotor Windings, complete	50	Governor, complete set	See additional instructions on next page.
		4.		Turbine Runner, complete	50	Winding, complete set for one unit	See additional instructions on next page.
		5.		Governor Oil Pressure Pump, complete	40	Runner, complete	See additional instructions on next page.
		6.			40	Pump, or Pumps complete for one unit	

Account Number		Principal Item	Sub - item	Plant Items	Serv Life Years	Retirement Units	Remarks.
C of E	FERC						
072	333	7.		<u>TURBINES AND GENERATORS</u> (CONDT) Generator Stator Windings	35	Complete winding for one Generator, installed	See additional instructions on next page.
		8.		Thrust Bearings	50	Bearing complete	See additional instructions on next page.
		9.		Exciters, Main Pilot			
		10.		Direct-connected Governor Air Compressor	35	Complete Assembly	
		11.		100 cfm and over Compressor, complete, primarily for draft tube water depression while condensing	25	Complete Assembly	
		12.		Speed increaser	40	Compressor, complete Complete assembly for one generator	Piping and separate air receivers should be included in item 1, above



Account Number		Principal Item	Sub-item	Plant Items	PERCENT OF TOTAL COST OF TURBINE, GENERATOR, OR GOVERNOR			Remarks.
C of E	FERC				Normal	NOT TO EXCEED (%)		
					From (%)	To (%)		
072	333			<u>TURBINES AND GENERATORS</u> Service (COND'T) The allowable range of percentages of original cost of replaceable components to the total original cost of generators turbines, or governors are indicated below.				
		4.		Rotor Winding	3	7	10	Rotor winding and insulation installed. Does not include pole iron.
		5.		Turbine Runner - Francis	9	13	15	Runner less shaft.
		5.		Turbine Runner - F. B.	9	13	15	Runner including hub and cone less shaft.
		5.		Turbine Runner - Kaplan	17	22	25	Runner, cone, hub, and hub mechanism less shaft and servo mechanism not installed in hub.
		6.		Gov. Oil Pressure Pumps	5	10	15	Pumps and Motor only.
		7.		Gov. Ball Head	0.5	1.0	2	The speed control assembly including the fly balls only.
		8.		PMG Assembly	2	3	5	The PMG including the drive assembly (Part of the Governor).
		9.		Stator Winding	12	16	20	The installed cost of the winding including the ties, wedges, and similar item and including the circuit rings but excluding the stator iron (a rewind unit will also include the cost of disassembly and reassembly as applicable)
		10.		Thrust Bearing	2	5	8	Includes only the shoes or segments and their supports and adjustment mechanism and the thrust runner.
		11.		Exciters, Main & Pilot	2	5	8	The generator mounted exciters and pilot exciters only. Excitation cubicles containing voltage regulation rheostat, field breakers and miscellaneous controls as well as separately mounted generators sets should be included in principal item 9 of account 73.1.
		12.		Governor Air Compressor	1	2	5	Only compressor units 100 cfm or larger should be included under this item.

Note: In using the above percentages the cost of the water depressing system or the speed increaser should not be included in the cost of the turbines, governors, or generators.

Account Number CoFE	Principal Item	Sub - item	Plant Items	Serv Life Years	Retirement Units	Remarks.
073			<u>POWERPLANT ACCESSORY</u> ELECTRICAL EQUIPMENT			
	1.	a.	Miscellaneous Equipment Generator, Neutral Grounding Equipment including Neutral Breakers Main Generator Buss or cable System	50	Complete unit, including subitems a-j	
		b.			Complete System for all Generator Complete System for one Generator o Transformer	
		c.	Station Service Main Bus or Cable System		Complete System	
		d.	Annunciator System, excluding Switchboard mounted equipment		Complete System	
		e.	Grounding System, including Powerhouse Grounding Mat		Complete System	
	2.	f.	All components not listed elsewhere Transformer, Station Service, liquid filled or Air or Gas insulated 1,000-kva or more in one or more phase; (excluding those installed as part of Station Service Power Boards)	50	None	
	3.		Antenna Towers, 80-feet and higher	50	Tower, complete	
	4.		Radio or Microwave Buildings	50	Building, complete	
	5.		Main Generator Switchgear and Breakers including Air Compressors when applicable	40	Breaker or Switchgear, complete with Accessories	Include in this account when provided primarily for remote control of generating facilities. Include in this account when provided primarily for remote control of generating facilities. Does not include station service Breakers which should be included under item 7 unless both generators and station service breakers are in the same switchgear.
	6.		Engine Generator Sets 100-kw and over	40	Generator Set, complete	Include here if used for general station service, otherwise include under the feature for which furnished.
	7.		Lighting and Power Boards for Station Service and Unit Auxiliaries, including Breakers, Transformers, and attached Accessories	25 35	Board, complete	
	8.		Control and Auxiliary Switchboards and Benchboards, including attached Accessories (excluding applicable items listed below)		Panel, or Panels, complete, devoted to a single purpose	
	9.		Voltage Regulation and Excitation Equipment including Motor-Generator Set, when required (Main generating units only)	50		
	10.		Battery Switchboards including attached accessories	35	Complete System for one Generator	Generally furnished as part of the main generator contract.
	11.		Control Cable System	35	Board, complete System, complete for Control Board, Panel, or Panels, devoted to a single purpose	Does not include separately mounted motor-generated sets.
	12.		Load Control Equipment	15	System, complete for entire plant	

Account Number		Principal Item	Sub-item	Plant Items	Serv Life Years	Retirement Units	Remarks.
073	334	13. 14. 15. 16. 17.		POWERPLANT ACCESSORY ELECTRICAL EQUIPMENT (CONDY) Recording Ammeters mounted separately from Switchboard Data Logging Equipment mounted separately from Switchboard Electronic Supervisory Control and Data handling equipment Central Processor, electronic control installation Radio, microwave, or carrier equipment, complete system at one location including transmitter, receiver power supplies, auxiliary generators, batteries, cables, and antennas, but excluding land and improvements, buildings, and towers 80 ft. and over	15	System, complete	
				Storage Battery, 125 volts and over Automatic Recording Oscillographs MISCELLANEOUS POWER PLANT EQUIPMENT	20 15	System, complete System, complete	
074	335	18. 19.		MISCELLANEOUS POWER PLANT EQUIPMENT	15	Each independent system complete	Include in this account when provided primarily for remote control of generating facilities
				Miscellaneous Equipment not listed elsewhere a. Bridge or Gentry Cranes b. Tailrace Cranes, complete, (excluding Mobile or Crawler types) c. Lubricating oil systems (excluding oil purifiers listed under item 4) d. Drainage and Unwatering System, including Pumps e. Fire Protection, High-pressure Water System, including Pumps f. Station air system, excluding compressors 100 cfm and over g. All components not listed elsewhere Antenna Tower, 80- feet and higher	50 50 50	Complete unit, including subitems a-g Cranes, complete Crane, complete System, complete Each independent system, complete System Complete System Complete None Tower, complete Building, complete	
		2.		Radio or Microwave Equipment Bldgs	50	Purifier, complete	Include in this account when provided primarily for communications or data transmissions in powerhouse generations
		3.		Oil Purifiers, Fixed or Portable, Centrifugal, vacuum or Clay Treatment type, 600 ghp or over used for lubricating oil, hydraulic oil or lubricating and insulating oil	50		Include in this account when provided primarily for communications or data transmissions in powerhouse generations
		4.			35		

Account Number C of E	Principal Item	Sub - item	Plant Items	Serv Life Years	Retirement Units	Remarks.
074	335		MISCELLANEOUS POWERPLANT EQUIPMENT (CONDIT) Air Compressors complete, 100cfm or over Plant Communication Equipment, including Telephone, Code Call, and Voice Recording Systems  Radio, microwave or carrier equipment complete system at one location including transmitter, receiver, power supplies, auxiliary generators, batteries cables and antennas, but excluding land and improvements, buildings and towers 80 ft. and over	25  15  15  15	Compressor, complete  Each independent system, complete  System, complete	Does not include unattached air receivers.  Include equipment installed in the power generating station for interplant communication in connection with power plant operation.
075	332	1.	TAILRACE Tailrace, complete  Stoplogs and Bulkheads All other components	100	Complete Tailrace, including subitems a-b  Complete Set None	Include draft tube bulkhead, stoplogs and other facilities used for draft tube unwatering.
076	331	1.	SWITCHYARD Miscellaneous Structures and Equipment Steel Structures, complete (excluding foundations) Bus & Insulation, including mounting hardware Lighting System, excluding Boards and attached Accessory Equipment Conduit, Steel, Power and Control Insulating Oil storage and piping system (does not include oil purifiers listed under item 10) Power Transformers, 1,000 kva and over including Auto Transformers Main Power Cable, 15-kv and over Grounding system, including Grounding Mat, if separate from Powerhouse Grounding mat All components not listed elsewhere type, 600 ghp or over used for Reactors, Shunt or Series, 15-kv and over	50  45	Complete Item, including subitems a-i Complete Switchyard Structural System  Complete System Complete System Complete System System Complete Complete System Transformer, complete, excluding windings System, complete for each transformer  System, complete None Reactor, complete	

Account Number		Principal Item	Sub-item	Plant Items	Serv Life Years	Retirement Units	Remarks.			
C of E	FERC									
076	331	3. 4. 5. 6. 7. 8. 9. 10.  11. 12.		SWITCHYARD(CONDTI	35  45 45 50  50  35 35  35	Complete three-phase Set	Used only for insulating oil purification.			
				Lighting Arresters, 15-kv and over per phase		Transformer, complete				
				Transformer, Instrument, 15-kv and over, PT and CT		Transformer, complete Breaker, complete				
				Transformer, Regulating Circuit Breakers, 15-kv and over		Switch, complete				
				Disconnecting Switches, 15-kv and over		Coupling Capacitor, complete One unit for all Traps				
				Coupling Capacitors, including auxiliary equipment						
				Carrier Current Line Traps						
				Oil Purifiers, Portable or Fixed, Centrifugal, Vacuum, or Clay Treatment, with or without Filter Press						
				600 gph or over						
				Control Cable Systems						
				Lighting and Power Boards, complete with attached Accessory Equipment						
				ROADS, RAILROADS AND BRIDGES						
		08	336	1.	a. b. c. d. e.  a. b. c. d.  3. 4.   1.	Railroads		100	None	
						Rails			Complete item, including subitems a-e Rails for complete system	
Ties and Ballast	Complete System									
Road Beds, Railroad, including Culverts	Complete System									
Bridges, Concrete, Steel or Masonry	Bridge, complete									
All components not listed elsewhere	None									
Roads	Complete item, including subitems a-d									
Roadway Base Culverts	Base for each independent road									
Roadway Surfacing	Surfacing for each independent road									
Bridges, Concrete, Steel or Masonry	Bridge, complete									
All components not listed elsewhere	None									
Bridges and Trestles, Railroad Timber Bridges, Roadway, Timber	Complete Structure Bridge, complete									
09	332	1.	a.  b.	CHANNELS AND CANNELS	100	Complete item, excluding subitems a-c				
				Basic Features						
				Concrete Buildings, excluding replaceable Roof Coverings of 3,000 sq. ft. and over		Building, complete				
				Other Concrete Structures		Structure, complete				

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Account Number		Principal Item	Sub - item	Plant Items	Serv Life Years	Retirement Units	Remarks.
C of E	FERC						
13	331	11.		<u>PUMPING PLANTS (CONDIT)</u>			
				Pump Motor, Stator Winding, 250-1,499 hp	20	Stator Winding, complete for one motor	
				Pump Turbine Runner, 1,500 hp or more	40	Runner complete for one pump turbine	
				Pump Turbine Runner, 250-1,499 hp	30	Runner complete for one pump turbine	
				Pump Engine, 250 hp and above	40	Engine, complete	
14	331	15.		Pump Engine, 100-249 hp	25	Engine, complete	
				<u>RECREATIONAL FACILITIES</u>			
				Roads, excluding Timber bridges	100	Complete item, including subitems a-d	
				Roadway Base and Culverts		Base, complete for each independent road	
				Surfacing		Surfacing, complete for each independent road	
		2.		Bridges; Steel, Concrete, or Masonry		Bridge, complete	
				All components not listed elsewhere		None	
				Parking Areas	100	System Complete for each development or site	
		3.		Sewers, Drainage Facilities, and Other Recreation Developments		Independent System, complete	
				excluding components listed elsewhere		Complete item, including subitems a-c	
				Electric System, Power and Lighting	100	System complete for each development or site	
		4.		Buildings, Concrete, excluding replaceable Roof Coverings of 3,000 sq. ft. and over per building		Building, complete	
				Other Components not listed elsewhere		None	
				Buildings, other than Concrete, excluding replaceable Roof Coverings of 3,000 sq. ft. or over per building	50	Building, complete	
19	331	5.		Piers, Docks, Booms, and Bridges; Timber		None	
				Roof Coverings, 3,000 sq. ft or more per building	25	Independent Structure, complete	
						Bridge, complete	
		6.			20	Roof Covering, complete for one building	
				<u>BUILDINGS, GROUNDS AND UTILITIES</u>			
				<u>UTILITIES</u>			
		1.		Basic features	50	Complete item, including subitems a-g	
				Buildings, Concrete, excluding replaceable Roof Coverings of 3,000 sq. ft. or more		Building, complete	
				Power Distribution and Exterior Lighting System		System complete, each system	
		b.		Water System		System, complete	
				Sewer System and Drainage System		System, complete, each system	
				Local Streets, Curbs, and Sidewalks		System, complete, each system	
		f.		Piers, Docks, and mooring facilities; Concrete		Independent Structure, complete	
				Other Components not listed elsewhere		None	
				Personnel Housing	50	Building, complete	

Account Number C of E	Principal Item	Sub - item	Plant Items	Serv Life Years	Retirement Units	Remarks.
19	331	3.	BUILDINGS, GROUNDS AND UTILITIES (CONDT) Operational Buildings and Structures, other than Concrete, excluding replaceable Roof Coverings of 3,000 sq. ft. or more	50	Building, complete	
	4.		Piers, Docks, and mooring facilities; Timber	50	Building or structure, complete	
	5.		Roof Coverings, 3,000 sq. ft. or more	20	Roof Covering, complete for one building	
20	335		PERMANENT OPERATING EQUIPMENT			
	1.		Floating Plant	50	Surfacing, complete for each independent Dredge, complete	
	2.		Dredges	25	Bridge, complete	
	3.		Tug Boats	25	Boat, complete	
	4.		Tenders	25	Tender, complete	
	5.		Drift Collectors	25	Vessel, complete	
	6.		Tow Boats	25	Boat, complete	
	7.		Patrol Boats	25	Boat, complete	
	8.		Snag Boats	25	Boat, complete	
	9.		Drill Boats or Barges and Jet-probing Barges	25	Boat or Barge, complete	
	10.		Derrick Boats or Barges	25	Boat or Barge, complete	
	11.		Maneuver Boats	25	Boat, complete	
	12.		Barges, Mooring	25	Barge, complete	
	13.		Other Major Non-group Floating Plant Miscellaneous Floating Plant, initial cost, new of \$25,000 or more per unit	25	Boat, barge, vessel, or plant item complete with all Accessory Equipment	
		a.	Barges, or Floating Work Platforms	25	Barge, or other item, complete	
		b.	Boat, Outboard, excluding Motors	20	Motor, complete	
		c.	Motors, Outboard	10	Motor, complete	
	14.		Other items not listed elsewhere	25		
			Automotive Land Plant			
	1.		Station Wagons (passenger car chassis) Group C	7	Vehicle, complete	
	2.		Ambulances (light) - Group D	10	Vehicle, complete	
	3.		Ambulances (heavy) - Group DI	10	Vehicle, complete	
	4.		Trucks, 1/4-ton, 4x4- Group E	7	Vehicle, complete	
	5.		Carryalls (including Station Wagons mounted on Truck Chassis( Group E1	10	Vehicle, complete	
	6.		Trucks, Panel and sedan Delivery Trucks, Group E2	7	Vehicle, complete	
	7.		Trucks, Pickup - Group F	7	Vehicle, complete	
	8.		Trucks, 3/4 - 1 - Ton - Group G	7	Vehicle, complete	
	9.		Trucks and Truck Tractors	8	Vehicle, complete	
			1 1/2-Ton - Group H			



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Account Number		Principal Item	Sub - item	Plant Items	Serv Life Years	Retirement Units	Remarks.
C of E	FERC						
20	335			PERMANENT OPERATING EQUIPMENT (CONDT) <u>Other Mobile Land Plant</u> Items not listed elsewhere, including Items with initial cost, new, of less than \$25,000 per unit			
		1.		Locomotives and Railroad Cars	10	None	
		2.		Trucks and Trucks Tractors, \$25,000 or more	100	Locomotive or Car, complete	
		3.		Tractors, Wheel-mounted, initial cost \$25,000 or more	12	Tractor, complete	
		4.		Tractors, Crawler, including Bulldozers initial cost \$25,000 or more	15	Tractor, complete	
		5.		Cranes, Mobile	15		
			a.	Cranes, Wheel-mounted, excluding those classified as Automotive Equipment		Cranes, complete	
			b.	Cranes, Crawler type		Crane, complete	
		6.		Earth-moving Equipment, initial cost, \$25,000 or more per unit	15		
			a.	Scraper-carriers, Self-propelled or Towed		Scraper or Scraper-Carrier, complete	
			b.	Rollers, Self-propelled or Towed		Roller, complete	
			c.	Back Hoes, excluding Back Hoe attachments for general purposes		Back Hoe, complete	
			d.	Tractors or Cranes Loaders, excluding attachments for general purpose tractors		Loader, complete	
			e.	Ditchers, Trenchers, Excavators, and Backfillers, excluding attachments for other basic equipment		Ditchers, Trenchers, Excavator, complete	
			f.	Graders, Self-propelled or Towed		Grader, complete	
		7.		Material-handling Equipment, initial cost, new, \$25,000 or more per unit	20		
		8.		Miscellaneous Equipment, Initial cost, new, \$25,000 or more per unit	15	Fork Lift, Material Carrier, complete	
						Street Sweeper, or other machine, complete	
				<u>Office Furniture and Equipment</u> Furniture (Desks, Tables, Chairs, Lockers, Files, Map Cases, Bookcases and Safes)			
		1.		Miscellaneous Items, initial cost, new less than \$25,000 per unit	10	None	
			a.	Sales, Special Equipment, ets, initial cost, new, \$25,000 or more, per unit	20	Safe or other item, complete	
			b.	Operation and Maintenance Manuals	100	None	
			c.	Equipment, such as Typewriter, Adding machines, Calculators, Duplicating and Recording Machines			
		2.		Key Punch Equipment, Electronic Calculators and Computers	10	None	

Account Number		Principal Item	Sub - item	Plant Items	Serv Life Years	Retirement Units	Remarks.
C of E	FERC						
20	335			<p>PERMANENT OPERATING EQUIPMENT (CONDT)</p> <p>Office Furniture and Equipment</p> <p>Miscellaneous Equipment not listed elsewhere, including items initial cost, new, less than \$25,000 per unit</p> <p>Office Machines, such as Accounting Machines, Dictating Machines, typewriters, Adding Machines, Key Punch and Electronic Mechanical Data Processors, Electro-Mechanical Calculators, initial cost, new \$25,000 or more per unit</p> <p>Electronic-calculators, computer, and related items</p> <p>Duplicating and Reproducing Machines initial cost, new, \$25,000 or more per unit</p> <p>Material-handling Equipment</p> <p>Miscellaneous Equipment not listed elsewhere, including items initial cost, new, less than \$25,000 per item (including shelving, storage bins, portable conveyors, dollies, and similar equipment)</p> <p>Fixed-conveyor Systems (Mono-rail, Roller Type) initial cost, new \$25,000 or more per system</p> <p>Special Storage Racks, Bins, Ramps, Platforms, and similar equipment, independent of other Structures, initial cost, new, \$25,000 or more per unit</p> <p>Shop Tools and Equipment</p> <p>Miscellaneous Fixed Shop Equipment not listed elsewhere, including items initial cost, new, less than \$25,000 per unit</p> <p>Major Fixed Shop Equipment consisting of such items as lathes, sharpeners, drying ovens, Forges, pipe, and sheet metal machines, table and band saws, initial cost, new, \$25,000 or more, per unit</p> <p>Miscellaneous Portable Shop Equipment and Tools not listed elsewhere, initial cost, new, less than \$25,000 per unit</p>	<p>10</p> <p>15</p> <p>15</p> <p>15</p> <p>50</p> <p>25</p> <p>25</p> <p>10</p> <p>25</p> <p>10</p>	<p>None</p> <p>Each machine, complete</p> <p>Calculator, computers, complete</p> <p>Blueprint or print, machine</p> <p>None</p> <p>System, complete</p> <p>Rack, ramp, or other item, complete</p> <p>None</p> <p>Each machine or device, complete</p> <p>None</p>	

APPENDIX B

CORPS OF ENGINEERS DEPARTMENT OF THE ARMY

PROJECT NAME

PROJECT LOCATION

STATEMENT OF ASSETS AND LIABILITIES - 30 SEPTEMBER 20XX

*****					
	Power	Flood	Water	Total	
	Production	Control	Recreation	Supply	Project
*****					
Assets					
Property, Plant and					
Equipment; Original Cost					
Including Interest During					
Construction					
Specific Facilities	32,685,429		4,936,772		37,622,201
Joint Use Facilities	45,116,619	20,846,038			65,962,657
Total Original Cost	77,802,048	20,846,038	4,936,772		103,584,858
Less:					
Depreciation					
Specific Facilities	7,153,358	270,233	270,233		7,423,591
Joint Use Facilities	4,758,581	2,253,934			7,012,515
Total Depreciation	11,911,939	2,253,934	270,233		14,436,106
Original Cost Less Depr	5,890,109	18,592,104	4,666,539		89,148,752
Other Assets					
Unexpended Bal of Allot.	522,080	105,887	68,062		696,029
Construction WIP	33,983				33,983
Deferred & Undistributed	1,654	766			2,420
Materials & Supplies					
Total Other Assets	557,717	106,653	68,062		732,432
TOTAL ASSETS	66,447,826	18,698,757	4,734,601		68,881,184

## APPENDIX B

## CORPS OF ENGINEERS DEPARTMENT OF THE ARMY

## PROJECT NAME

## PROJECT LOCATION

## STATEMENT OF ASSETS AND LIABILITIES - 30 SEPTEMBER 20XX

	Power Production	Flood Control	Recreation	Water Supply	Total Project
Investment of the U.S. Gov't <u>Congressional Approp.</u>	108,155,717	24,636,526	21,469,568	27,549	154,234,262
Transfers-Other Agency Joint Use Facilities	388,177	143,148	(18,147)	0	513,178
Total Original Cost	<u>48,631,716</u> 157,175,610	<u>11,528,297</u> 20,846,038	<u>686,293</u> 22,137,714	<u>27,549</u>	<u>60,846,306</u> 215,593,746
Less:					
Funds Rld to Treasury:					
Power Marketing Agencies	127,317,221	9,509			127,326,730
Other COE & Agencies	1,251,627	282,853	1,277,599	45,514	2,857,593
Net Expense of Non-Reim- bursable Purposes	17,316,852	16,125,514			33,442,366
Total Debits	<u>128,568,848</u>	<u>17,609,214</u>	<u>17,403,113</u>	<u>45,514</u>	<u>163,626,689</u>
Add:					
Status of Cost Recovery-					
Reimbursable Purposes:					
Result from Operations	37,842,822	73,063			37,915,885
Net Gain or Loss (-) on Disposal of Land	(1,758)				(1,758)
Total Net Cost Recovery (1)	<u>37,841,064</u>	<u>73,063</u>			<u>37,914,127</u>
Net Investment of U.S. Govt	66,447,826	18,698,757	4,734,601		89,881,184
Total Liabilities	66,447,826	18,698,757	4,734,601		89,881,184

For Footnotes, see next page

APPENDIX B

CORPS OF ENGINEERS DEPARTMENT OF THE ARMY

PROJECT NAME

PROJECT LOCATION

STATEMENT OF ASSETS AND LIABILITIES - 30 SEPTEMBER 20XX

\*\*\*\*\*  
Power Production Flood Control Recreation Supply Water Total Project  
\*\*\*\*\*  
\*\*\*\*\*  
1) Status of Recovery of Investment - Reimbursable Purposes  
Net Reimbursable Cost Recovery 37,841,064 37,914,127  
Depreciation 11,911,939 11,911,939  
Gross Recovery of Investment 49,753,003 49,826,066

2) Includes \_\_\_\_\_ receipts from grants, \_\_\_\_\_ of which is required by law to be returned by the U.S. Treasury to the States in which the land is located.

APPENDIX B					
CORPS OF ENGINEERS DEPARTMENT OF THE ARMY					
PROJECT NAME					
PROJECT LOCATION					
STATEMENT OF REVENUES AND EXPENSES FOR THE FISCAL YEAR ENDED - 30 SEPTEMBER 20XX					
	Power Production	Flood Control	Recreation	Water Supply	Total Project
*****					
*****					
Operating Income:					
Revenues Allocated by PMA	4,456,320				4,456,320
Electric Energy furnished					
Resource Manager	7,734				7,734
Electric Energy furnished					
Private Concessions					
Headwater Benefits	368,555				368,555
Sales of Water				73,063	83,246
Total Operating Income	4,842,792			73,063	4,915,855
*****					
*****					
Operating Revenue Deductions:					
Operating and Maintenance Expenses:					
Specific Facilities - Oper	959,260		1,491,160		2,450,420
Specific Facilities - Maint	167,142		596,651		763,793
Joint Facilities - Oper	832,135	192,662			1,024,797
Joint Facilities - Maint	1,372,015	317,659			1,689,674
Total Oper and Maint Exp	3,330,552	510,321	2,087,811		5,928,684
Less: Credits to Oper	25,620	5,932	193,180		224,732
Net Oper and Maint Exp	3,304,932	504,389	1,894,631		5,703,952
*****					
*****					
Depreciation Expense:					
Specific Facilities	311,575		22,279		333,854
Joint Facilities	244,706	114,629			359,335
Total Depreciation	556,281	114,629	22,279		693,189
Total Operating Rev Deductions	3,861,213	619,018	1,916,910		6,397,141
Net Operating Revenues	981,579	(619,018)	(1,916,910)	73,063	(1,481,286)

APPENDIX B

CORPS OF ENGINEERS DEPARTMENT OF THE ARMY

PROJECT NAME

PROJECT LOCATION

STATEMENT OF REVENUE AND EXPENSES FOR THE FISCAL YEAR ENDED 30 SEPTEMBER 20XX

*****	Power	Flood	Water	Total	*****
	Production	Control	Supply	Project	
*****	*****	*****	*****	*****	*****
*****	*****	*****	*****	*****	*****
Other Income					
Misc Non-Oper Income	2,923	677		3,600	
Total Other Income	2,923	677		3,600	
Gross Income	984,502	(618,341)	(1,916,910)	(1,477,686)	
Income Deductions					
Interest on Fed Invest	662,179			622,179	
Less: Int Chgd to Const					
Total Income Deductions	662,179			622,179	
Total Net Income	322,323	(618,341)	(1,916,910)	(2,139,865)	
Disposition of Net Income					
Transferred to:					
Status of Cost Recovery					
Results from Operations	322,323		73,063	395,386	
Non-reimbursable Costs		(618,341)	(1,916,910)	(2,535,251)	
Total Disposition of Net Income	322,323	(618,341)	(1,916,910)	(2,139,865)	



Chapter 15

GENERAL ASSET ACCOUNTING

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Chapter 16

REVOLVING FUND ASSET ACCOUNTING

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Policy	16-1
Procedures	16-8

## CHAPTER 16

### REVOLVING FUND ASSET ACCOUNTING

#### 16-1. General.

##### a. Asset Policy and Procedures.

(1) The general policy and procedures in Chapter 15, General Asset Accounting, apply to Revolving Fund owned property, plant, and equipment.

(2) This chapter prescribes specific additional accounting policy and procedures for Revolving Fund owned property, plant, and equipment.

b. Plant Replacement and Improvement Program (PRIP). Policy on the Plant Replacement and Improvement Program (PRIP) is in ER 37-1-29.

#### 16-2. Policy.

##### a. Revolving Fund Owned Property, Plant, and Equipment.

(1) Revolving Fund owned property, plant, and equipment serves more than one civil works project or appropriation and is not appropriately acquired with one appropriation.

(2) Revolving Fund owned property, plant, and equipment must meet capitalization criteria.

(3) The Revolving Fund finances acquisition and operation of capital assets and distributes appropriate costs to benefiting project funds.

(4) The Revolving Fund may not acquire property, plant, and equipment solely for the benefit of military projects. However, Revolving Fund assets acquired for civil works functions may incidentally benefit military functions with reimbursement to the Revolving Fund from military funds.

b. Plant Replacement and Improvement Program (PRIP). The Revolving Fund finances PRIP authorized property, plant, and equipment items that are classified as capital assets.

c. Revolving Fund Repayment For Assets. The Revolving Fund recoups costs for financing property, plant, and equipment through depreciation expense and plant increment surcharge.

(1) Depreciation.

(a) Depreciation on Revolving Fund property, plant and equipment is the systematic recovery of acquisition cost over the estimated number of economic useful life years of the asset.

(b) Depreciation is charged on all Revolving Fund owned structures and equipment except those in process of acquisition or disposal, or in mothball status.

(c) The straight-line depreciation method is used to allocate depreciation expense to appropriate plant and equipment operating accounts.

(d) Salvage value is the amount that may be expected to be obtained from sale of an asset at the end of its useful life. Personal property typically will not have a salvage value, but assets such as vehicles, boats, cranes, forklifts, tractors, etc. can have a material salvage value. If salvage value exceeds ten percent of the asset's cost and the activity is permitted to retain and use the salvage proceeds, salvage value may be used for computing depreciation. Real property assets do not have salvage values for computing depreciation.

(e) The estimated number of economic useful life years of Revolving Fund owned assets must be properly managed to ensure appropriate depreciation charges and must be reviewed at least every two years. Change in economic, obsolescence, or technical factors may require estimated economic useful life years adjustment. This is the only change authorized for estimated economic useful life years.

(f) Unrecovered depreciation remaining upon disposal of an asset is charged to non-operating loss. HQUSACE will monitor these charges to ensure owning commands perform the required reviews and effectively manage the useful life.

(2) Plant Increment.

(a) Plant increment is a surcharge for increased cost of replacement over the original cost of Revolving Fund owned structures and equipment to maintain purchasing capability.

(b) An asset authorized under the PRIP is subject to plant increment until disposal.

(1) Exceptions to this requirement are assets in process of acquisition or disposal, leasehold improvements, capital leases, land, and assets in mothball status.

(2) An exception may also be authorized for a fully depreciated capital asset when there is documented evidence that it will not be replaced under PRIP authority or a replacement will cost less than the asset currently in use. A MSC Commander may approve a request to discontinue plant increment on an asset with initial acquisition cost up to \$300,000 and may delegate up to half of that authority to a District Commander. A request to discontinue plant increment for an asset with initial acquisition cost over \$300,000 must be coordinated through the MSC and submitted to the HQUSACE Director of Resource Management (CERM-F) for approval.

(c) HQUSACE provides current increment rates each year.

d. Insurance.

(a) As a self-insured entity of the Federal Government, USACE ensures that risks incurred by virtue of owning and operating a variety of Revolving Fund assets are mitigated to recover losses to Revolving Fund owned assets.

(b) Insurance premiums are charged for all structures and equipment in service and warehouse stocks with book values.

(c) Insurance premiums are not charged for land or capital leases, which are not covered by insurance.

(d) Monthly insurance premiums for the insurance account reserve amount are charged to plant operating accounts.

(e) A reasonable Revolving Fund amount is held in reserve to mitigate asset losses.

(f) Charges to the insurance account must be approved by CERM-F and will be considered for the following:

- \* Costs to economically repair a damaged asset.

- \* Remaining book value for an asset lost or damaged beyond economical repair.

- \* Tort claim payments up to \$2,500.00 for personal injuries and property damages caused as a result of operating Revolving Fund capitalized property.

e. Plant Operating Accounts.

(1) A plant operating account captures costs to operate an asset or group of assets and receives reimbursement from benefiting projects.

(2) A plant operating account use rate is established to distribute equitable charges for units of use. Use rates are reviewed quarterly to ensure appropriate charges to customers and maintain proper account balances.

(3) Plant operating accounts are categorized into either Group or Non-Group.

(a) A Group plant operating account is maintained for multiple plant items where expenses are accumulated as a group and use rates are the same.

(b) A Non-Group plant operating account is maintained for each plant item not included in group plant items. Each of the following must be accounted for as a Non-Group item:

- \* Aircraft.

- \* Major floating or land plant item.

- \* Structure having estimated \$200,000 or more replacement cost.

- \* Other plant item having estimated \$300,000 or more replacement cost.

f. Loan.

(1) The use rate for plant loaned between USACE commands is charged from the time the plant leaves the owning command until it is returned. Chargeable time for plant borrowed by subsequent commands before it is returned is charged to each command from the time it leaves the previous command until it departs to another command or is returned to the previous borrowing command or the owning command.

(2) Revolving Fund owned plant is not loaned to States, their political subdivisions, or private parties. An exception is allowed for emergency use to save life or property where an urgent and essential need exists and all efforts to obtain such plant from private sources have failed. The rental rate for such use is the current rate plus a 25% surcharge to protect public interests.

g. Mothball. A mothball account is only to temporarily preserve and store Revolving Fund plant that is no longer needed, when future need is anticipated and disposal is not appropriate. Mothball status is not to be used to circumvent depreciation or increment expenses. Approval of CECW-O in coordination with CERM-F is required to place an asset in mothball status and will rarely be granted.

(1) As soon as mothball status is anticipated, plant use rates will be adjusted to include estimated mothball costs for remaining work.

(2) Mothball expenses to store the plant with minimal deterioration are charged to the plant operating account.

(3) Insurance premiums continue to be charged to the plant operating account for plant in a mothball account. In the event of accidental damage to or loss of the plant, the insurance account pays the cost to repair the damage or the remaining book value of the plant for total loss.

(4) The plant operating account for plant in a mothball account remains active until final plant asset disposition.

h. Conversion or Reclassification.

(1) A plant item converted or reclassified from one type to another is processed as a new plant item acquisition.

(2) The book value of the converted or reclassified plant, plus conversion or reclassification cost, less credit for salvaged materials is the new book value.

(3) Current PRIP authority is required if cash outlay in FY 04 or prior is \$25,000 or more or in FY 05 or later is \$250,000 or more.

(4) The net remaining plant operating account balance is recouped through the converted or reclassified item plant use rate for a non-group plant account item or the only remaining item of a group account.

i. Transfer.

(1) Intra-Revolving Fund transfer between USACE Commands.

(a) Transfer of excess property, plant, and equipment between USACE commands under continuing Revolving Fund ownership is accomplished at book value without transfer of funds. A transfer in must be recorded within the same accounting period as the transfer out.

(2) External transfer.

(a) A fully depreciated asset with no remaining book value is transferred without reimbursement between the Revolving Fund and another USACE civil or military appropriation.

(b) Transfer of excess property, plant, and equipment between the Revolving Fund and another federal agency is accomplished without reimbursement. Any remaining book value is recognized as a loss to the Revolving Fund.

j. Sale To or From Other USACE Appropriations.

(1) Excess Revolving Fund property, plant, and equipment with remaining book value may be sold to another USACE civil or military appropriation that has need of the asset. The gaining appropriation must have appropriate procurement approval to purchase the asset at book value.

(2) Excess civil or military appropriation owned property, plant, and equipment may be sold to the Revolving Fund with proper PRIP authorization.

k. Disposal.

(1) General property, plant, and equipment will be removed from the asset account along with associated accumulated depreciation or amortization.

(a) Removal will be in the period of disposal, retirement, or removal from service.

(b) A difference between book value and amounts realized will be recognized as a gain or loss in the period.

(2) General property, plant, and equipment that no longer provides service in the operations of the entity prior to disposal, retirement or removal from service will be removed from the general property, plant, and equipment account along with associated accumulated depreciation.

(a) Removal could be because an asset has been damaged, becomes obsolete before expected, or is excess.

(b) The asset will be recorded in the other general property, plant and equipment account at its expected net realizable value (NRV).

(c) Any difference in the book value of the property, plant, and equipment and its expected net realizable value will be recognized as a gain or loss to the Revolving Fund in the period of adjustment.



(d) The expected net realizable value will be adjusted at the end of each accounting period and any further adjustments in value recognized as a gain or loss.

(e) No additional depreciation or amortization will be taken when an asset is removed from a general property, plant, and equipment account in anticipation of disposal, retirement, or removal from service.

(3) The difference between the current book value and the final disposition sale price of an asset is transferred to a non-operating gain or loss account.

(4) The plant operating account balance is transferred to non-operating gain or loss on final disposition of a non-group plant account or all items in a group plant account.

#### 16-3. Procedures.

a. Revolving Fund asset accounting procedures. Property, plant, and equipment accounting procedures are found at:  
<http://www.usace.army.mil/inet/functions/rm/finance/finance.htm>.

b. Financial Management System. The Corps of Engineers Financial Management System (CEFMS) user manual at <http://rmf31.usace.army.mil/cefmsdoc> provides detailed financial system procedures for asset management.

Chapter 17

REVOLVING FUND ACCOUNTING FOR SHOP  
AND FACILITY SERVICES

TOPIC

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Chapter 18

OTHER REVOLVING FUND CURRENT AND ACCRUED ASSETS  
AND LIABILITIES AND PROPRIETARY ACCOUNTS

TOPIC

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To be published at a later date

Chapter 19

REVOLVING FUND ACCOUNTING FOR  
DEPARTMENTAL OVERHEAD

TOPIC

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Chapter 20

REVOLVING FUND ACCOUNTING  
FOR DEPARTMENTAL OVERHEAD

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Departmental Overhead Distributions (Income)	20-4	20-5
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Management and Analysis of Departmental Overhead Accounts	20-6	20-7
Departmental Overhead Procedures	20-7	20-8

CHAPTER 20  
REVOLVING FUND ACCOUNTING  
FOR  
DEPARTMENTAL OVERHEAD

20-1. General. Departmental overhead (also known as technical overhead) accounts are used to record and distribute costs incurred in the day-to-day operation of departmental organizations which either cannot be directly identified to or are not readily chargeable to a specific program, project, or reimbursable order. Departmental overhead costs are only distributed to work in which the departmental organization is actively involved, based upon direct labor charges to programs, projects, or reimbursable orders.

20-2. Policy for Departmental Overhead. Indirect costs of departmental organizations will be charged to the departmental overhead work item and will not be charged directly to programs, projects, or reimbursable work items. Indirect costs are organizational, administrative, or supportive in nature. Indirect costs are incurred because of organizational needs or decisions and benefit programs, projects, and reimbursable work indirectly.

a. Labor Costs.

(1) Labor hours of employees assigned to departmental organizations, including supervisors, clerical, and administrative staff, which are actually worked on a specific program, project, or reimbursable order shall be charged as direct labor to those accounts.

(2) Labor hours of a general nature which cannot be identified to, or are not readily chargeable to a specific program, project, or reimbursable order will be charged to departmental overhead accounts as indirect labor. Labor related to the following activities must always be charged to the departmental overhead work item:

(a) Training, including full time attendance at colleges or universities;

(b) Professional seminars or conferences;

(c) General administration, staff meetings, personnel

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management activities (including general supervision, performance appraisals, counseling, recruiting, etc.);

(d) Committee meetings;

(e) Management and manpower surveys;

(f) Preparation, review, and analysis of operating budgets;

(g) Review and evaluation of management issues or initiatives;

(h) Responses to other than Congressional inquiries regarding probable development of a project or study when not covered by appropriated funds;

(i) Preparation of annual reports;

(j) Quarterly review and analysis;

(k) Preparation of charts and exhibits for meetings or staff visits;

(l) Services to executive, advisory and administrative elements, with exception of contracting or purchasing services on non-CDO activities;

(m) Service to other agencies and local interests when not covered by appropriated funds and/or memorandum of understanding and support agreements;

(n) Preparation or delivery of speeches or presentations of a general nature.

(3) Labor of departmental overhead employees providing supervision, technical support, or administrative support to a USACE Revolving Fund shop or facility will be charged to the shop or facility account. Departmental overhead will be distributed on labor of employees assigned to an organization coded "D" (departmental) when those employees charge labor directly to a shop or facility account.

(4) Under no circumstances will labor hours actually worked on a specific program, project, or reimbursable order be charged or transferred to another program, project, or reimbursable order or the departmental overhead work item in order to mask cost overruns, compensate for funding shortfalls, avoid reprogramming

actions, or mask potential Antideficiency Act violations. Managers of all departmental organizations must establish and maintain appropriate procedures and internal controls to ensure that labor hours are charged correctly. In addition, Resource Managers and their staffs must ensure that documented and/or suspected erroneous labor charges are reported to the local Commander for investigation, appropriate corrective action, and/or disciplinary action.

b. Non-labor costs.

(1) The following costs are incurred because of organizational needs and decisions and shall not be charged directly to programs, projects, or reimbursable orders. These costs are also known as standard indirect costs.

- (a) Suggestions and incentive awards;
- (b) Voluntary separation or early retirement incentives;
- (c) Permanent change of station travel or benefits;
- (d) Tuition for government or non-government training;
- (e) Conference or registration fees;
- (f) Office supplies, excluding those drawn from a central or "free issue" stockroom;
- (g) Information Technology equipment or software (below the capital threshold) and maintenance of those items;
- (h) Office furniture or equipment, below PRIP threshold;
- (i) Equipment ownership costs for assets (including depreciation, insurance, and increment of PRIP assets);
- (j) Information technology (IT) supplies;
- (k) Communication costs;
- (l) Telecommunications hardware or software leases;
- (m) Library facility charges;
- (n) Support contracts;
- (o) GSA space costs;



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- (p) Postage, contractual mail or messenger services;
- (q) Revolving Fund facility charges that benefit a single organizational element.

(2) The following costs are also classified as standard indirect (overhead) costs but may be charged to a project or reimbursable order if the costs contribute exclusively to the accomplishment of a single project or reimbursable order.

- (a) Temporary duty travel;
- (b) Supplies and materials, excluding office supplies;
- (c) Printing charges;
- (d) Computer usage charges;
- (e) Visual information charges;
- (f) Vehicle charges;
- (g) Rent, excluding office space for Corps employees;
- (h) Utilities.

c. Prohibited Departmental Overhead Costs. The following costs shall not be charged to departmental overhead accounts:

- (1) Costs that solely benefit a single project or reimbursable order;
- (2) Project specific labor or other costs for which project funds are not available;
- (3) Costs that should be charged to General and Administrative (G&A) overhead;
- (4) Centralized payroll, finance and accounting, and human resources costs;
- (5) Central (free issue) supply room charges.

d. Exemptions. Due to unique accounting requirements, costs charged to the following appropriations are exempt from the standard indirect costing policy:

- (1) 97-11X8242, Foreign Military Sales;
- (2) 98-89X4045, Bonneville Power Administration;
- (3) 99X9829, Operating Expense, District of Columbia.

20-3. Consolidated Departmental Overhead (CDO). All USACE districts must use the standard CDO account structure to capture the indirect costs of Planning, Engineering, Construction, Contracting, Real Estate, and Programs and Project Management (PPM). Child work items are established to track the indirect costs of each organization. Functional Chiefs are responsible for direct and indirect operating budget formulation and execution. A single CDO manager is designated at each district for coordination purposes; however, a corporate approach to the CDO account's budgetary formulation, execution, and analysis is essential. The CDO manager must attest to the propriety of financial controls and the requirements defined in the Army Management Control Plan and the USACE Annual Assurance Statement.

20-4. Departmental Overhead Distributions (Income).

a. General. Departmental overhead will be applied to labor of departmental employees direct-charged to programs, projects, reimbursable orders, and Revolving Fund shop or facility accounts. Departmental overhead will be charged on labor loaned within a USACE entity (from one organization to another). In order to ensure that overhead is applied to all customers in a consistent manner, departmental overhead may only be waived in accordance with the exceptions below. Requests for exception will be forwarded to CERM-F for approval.

b. Exceptions. Departmental overhead will not be applied to the following:

(1) Direct labor costs of departmental employees on a formal SF 50 (Notification of Personnel Action) or executive development assignment to another organization within the same USACE subordinate command or to another government agency.

(2) Labor of engineers and/or inspectors informally detailed (no SF 50 action) to work on disaster assistance activities under the direct supervision of the Federal Emergency Management Agency (FEMA) on Project Work Sheets, damage assessments, damage survey reports, or final inspection reports, as those activities do not involve direct district office supervision (see ER 11-1-320).

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(3) Labor of employees on Permanent Change of Station (PCS) house hunting trips.

(4) Labor of Department of Army (DA) interns.

(5) Labor of departmental personnel charged to general and administrative (G&A) overhead work items.

(6) Labor charges of employees organizationally assigned to a Revolving Fund shop or facility account.

20-5. Regional Departmental Overhead Rates.

a. Regional Business Centers (RBC) utilize a regional cost pool for development of regional overhead rates. Regional rates will be established for Operations Division, Emergency Management, Regulatory, and the Consolidated Departmental Overhead account (Planning, Engineering, Construction, Contracting, Real Estate, Programs and Project Management (PPM) Divisions). A single rate will be established for each of the four rate groups. Overhead is distributed internal to the RBC (the business unit) in the same manner as overhead is distributed in a stand-alone (non-regional) environment.

b. Regional rates do not apply to the Pacific Ocean Division, districts outside the continental United States (OCONUS), centers, and laboratories; however, the standard CDO account structure will be utilized, excluding activities authorized to operate unique DOH accounts.

c. Each district will formulate the initial budget requirements for direct and indirect costs. District budgets are consolidated at the RBC level in order to develop the regional operating budget and subsequently determine the regional overhead rates.

d. The Regional Program Budget Advisory Committee (RPBAC), or like board, will review budgeted and actual costs and income on no less than a quarterly basis. District performance in a regional rates environment is measured by comparing actual costs with the approved operating budget. Regional performance is measured by comparing total cost for each overhead pool with total income. Nominal balance requirements for regional accounts apply at the regional level. The Division Commander is responsible for ensuring that the RBC takes appropriate management action to meet the nominal balance requirement by the end of the fiscal year (constrain spending, increase or decrease

rates, rebate, etc.).

20-6. Management and Analysis of Departmental Overhead Accounts.

a. Operating Budgets are prepared for all DOH accounts in accordance with ER 37-1-24, Financial Administration, Operating Budgets. Overhead rates are established based on expense and income projections for each overhead pool in accordance with the approved operating budget. In order to ensure that all applicable statutory requirements are met, operating budgets are constructed to achieve a fiscal year end balance of zero for each departmental overhead pool. An end-of-fiscal-year balance falling within a range of plus or minus one per cent (1%) of current year expenditures, exclusive of joint cost credits, is considered to be within the "nominal balance" range. Quarterly nominal balance targets are established to facilitate accomplishment of the fiscal year-end goal.

b. Expense/income reviews will be conducted no less than quarterly to determine whether budget projections are on track and the existing rates are properly set. Reviews will also be conducted when it becomes known that: (1) a major expenditure, such as a move to a new building or leased space, will be delayed until the next fiscal year; (2) that it will be necessary to make a major unplanned expenditure, such as Voluntary Early Retirement Authority or Voluntary Separation Incentive Program (VSIP/VERA) payments, during the current fiscal year; and/or (3) the projected income included in the operating budget and rate computations will either not materialize or significantly exceed the anticipated amount. Commanders must ensure that work item managers (or the managing regional board) take appropriate corrective action (reduce spending, surcharge, rebate, increase/decrease rates, etc.) based on the results of these reviews, in order to meet the nominal balance requirement.

c. In rare and unusual circumstances, HQUSACE may authorize construction of an operating budget aimed at achieving a fiscal year-end balance other than zero for a specific cost pool. Requests for authority should be forwarded to CERM-F for approval. Approvals remain in effect until withdrawn by HQUSACE. A file of HQUSACE approvals must be maintained by the local Resource Management Office.

d. At the end of each fiscal year, departmental overhead accounts will be analyzed to determine the degree of effectiveness with which they are managed and to ensure that all statutory requirements are met. Any balance which falls outside the nominal balance range, or exceeds a special year-end balance

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approved by HQUSACE, represents a possible statutory violation and, as a minimum, will be subject to censure by the Commander. Amounts which fall outside the nominal balance range at the regional level, as a minimum, will be subject to censure by the Chief of Engineers.

20-7. Departmental Overhead Procedures. Proper procedures for departmental overhead accounts are available at <http://www.usace.army.mil/inet/functions/rm/finance/finance.htm>.

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